TN FORWARD

TOP TO BOTTOM
REVIEW

February 21, 2012

Over the past year, each commissioner of state government's 22 departments conducted a top to bottom review to thoroughly analyze operational and organizational efficiency. I tasked each of them to examine his/her department as if starting from scratch by challenging the current structure and functions and by asking: "Is this department focused appropriately to accomplish its core mission?"

State government's role is to provide services that taxpayers can't get on their own. I believe the governor's job is to make sure we're providing those services in the most customer-friendly way and at the lowest cost to you, the taxpayer.

Uncertainty out of Washington, fiscal constraints, and higher demands require us to transform the way we do government in Tennessee, and Tennesseans expect us to do more with less.

Through this comprehensive review, our departments are taking an important step toward meeting that goal by establishing a culture of customer service, efficiency and effectiveness.

The ideas and recommendations contained in this report reflect extensive efforts by hard-working state employees throughout the Executive Branch. Departments solicited input from thousands of stakeholders both inside and outside of state government and worked through an array of issues ranging from reducing the number of printers in state offices to organizational shifts of entire divisions.

We believe this process will result in meaningful change to the benefit of Tennessee taxpayers. While this Top to Bottom Review process is complete, this administration will continue on an ongoing basis to evaluate and improve efficiency and effectiveness in the way we deliver services.

Sincerely,

Bill Haslam, Governor

TABLE OF CONTENTS

METHODOLOGY

In Governor Bill Haslam's Inaugural Address on January 15, 2011, he promised Tennesseans that his administration would begin a new chapter in state government, and to that end, he challenged the members of his team to roll up their sleeves and go to work. He assured Tennesseans that in this new chapter the effectiveness of state government would be measured by whether the citizens of Tennessee were being served well at the lowest possible cost. In order to successfully transform the way state government does business, Governor Haslam promised to perform a Top to Bottom Review of all departments in the executive branch of state government and charged the commissioners of those departments to set priorities, to establish measurable goals, to do more with less, and to become better stewards of taxpayer dollars.

TOP TO BOTTOM REVIEW

Over the past year, all twenty-two departments and the Bureau of TennCare have worked exhaustively and intently to successfully complete a comprehensive, meaningful, and rewarding Top to Bottom Review of state government. The Governor's Office posed these initial questions to the departments that aimed to facilitate intradepartmental discussions:

- What is the department currently doing?;
- Should the department be doing it?; and
- If so, can the department do it more efficiently, effectively, or economically?

To commence the process, the individual departments had the extraordinary responsibility of reviewing existing processes and procedures, conducting interviews with internal and external stakeholders, and analyzing effective, efficient, and economical alternatives to the old ways the departments were doing business. Although commissioners and departments completed their reviews using varying methods, most all of the departments developed a team comprised of departmental leaders and subject matter experts to help the process produce optimal results. For example, the Department of Children Services received input from more than 4,000 individuals including staff, stakeholders, and focus groups that resulted in 11,000 individual comments. Equally impressive, the Department of Labor and Workforce Development reached out to over 500 employees and 700 external business stakeholders through a departmental survey. Similarly, the Tennessee Department of Transportation conducted over 400 face-to-face interviews with employees and stakeholders in all four regions across the state. And, finally, the Commissioner and Deputy Commissioner of the Department of Human Services personally talked with more than 600 departmental employees.

While all the departments were performing rigorous processes similar to the ones highlighted in the paragraph above, the governor also created a Top to Bottom Review Working Group to aid the departments as the Top to Bottom Review continued to progress. The working group consisted of six members from different offices and departments with varying backgrounds, skill sets, and perspectives. Together, the members of the working group thoroughly reviewed initial departmental findings and analyzed potential departmental recommendations. After reviewing the departments' initial efforts, the members of the working group traveled to each department for extensive meetings to discuss each department's progress.

Throughout the review, the working group operated as an apparatus and a resource to assist the departments as the departmental leaders polished their proposals and developed the action steps that they were recommending to move their respective departments forward. After meeting with the individual departments, and at designated checkpoints during the process, the working group discussed various findings and recommendations with the administration's senior staff. In addition, the working group met with the governor at many points throughout the process to report on the status of the individual departments and the progress of the Top to Bottom Review.

In his first State of the State Address, the governor promised Tennesseans that the "new normal" would require state government to live within its financial means—to be more effective and efficient from top to bottom. This report aims to do just that. Overall, the success of this year-long Top to Bottom Review is a direct result of the input and involvement from departmental employees, departmental leaders, the working group, administration leadership, and the governor. The final Top to Bottom Review Report truly is a team effort, and the 332 recommendations included here showcase the hard work of the departments, which has resulted in this comprehensive, meticulous evaluation of how to move Tennessee forward.

332

RECOMMENDATIONS

KEY THEMES

The Top to Bottom Review process required each department to focus on its core mission and key business areas. As a result, the report's findings and recommendations cover a diverse range of issues. There were, however, four reoccurring themes that continued to come up throughout the process: people, processes, organization and customer service. These areas were repeatedly addressed from department to department and offer strategic opportunities to make government more efficient and effective.

PEOPLE

The most common finding that was expressed by every department is the need for greater flexibility with personnel management. It is clear that managers believe having the ability to recruit, retain, and reward the best and brightest employees is critical in making state government more efficient and effective. An antiquated employment system has limited growth opportunities for the departments and for individual employees. The urgency of this issue is compounded by the fact that approximately 40 percent of state employees will become eligible for retirement in the next five years. Therefore, departments consistently highlighted the need for thorough succession plans to prepare for this approaching shift in employment.

PROCESSES

The Top to Bottom Review also underscored the necessity to focus more heavily on the systems and processes in state government. Most departments discovered a number of procedures that could be simplified to provide better service to taxpayers. LEAN management, a philosophy that engages employees to maximize value through streamlined processes, is one way the administration plans to address this issue. In addition, many departments identified opportunities to leverage technology such as online transactions, automation, and better data management, which would further enhance efficiency.

ORGANIZATION

As departments and their individual divisions reviewed potential improvement areas, along with functions that perhaps they should not be performing at all, various organizational proposals surfaced. Some organizational recommendations will lead to better collaboration with fewer services inefficiently segregated by agency lines. Additionally, the review process resulted in alterations of some departmental policies, missions, and goals that in turn required organizational shifts to meet the new focuses.

CUSTOMER SERVICE

Departments identified the need to strengthen the focus and emphasis on Tennessee taxpayers, the customers that are being served. As a result, a number of agencies realigned their missions and goals to explicitly accentuate customer service. The absence of a statewide customer service training program that is applicable and useful for all of the diverse services offered by state departments was also widely recognized. Departments say they need a consistent standard of customer service administration-wide, along with the training tools and personnel to serve Tennesseans in the most customer-focused, efficient and effective way.

TNFORWARD
TOP TO BOTTOM
REVIEW

Chapter 1

AGRICULTURE

HIGHLIGHTS

■ Fully implement the Agriculture and Forestry Economic Development Task Force to improve interagency communication and coordination of rural economic development activities.

■ Review the permitting process for Concentrated Animal Feeding Operations in order to improve the interagency permitting process for large livestock operations requiring nutrient management plans for animal waste handling.

■ Implement outreach and planning efforts as part of the Forest Action Plan with an emphasis on conserving working forest landscapes, protecting forests from harm and enhancing public benefits derived from trees and forests.

■ Improve the Tennessee Agriculture Enhancement Program application process by providing an online application and increasing automation and outreach efforts.

INTRODUCTION

As Tennessee's first state agency, the Tennessee Department of Agriculture (TDA) promotes wise usage of its agricultural and forest resources, develops economic opportunities and ensures safe, dependable food and fiber. Tennessee's farming industry is diverse with products ranging from cattle and poultry to tomatoes and honey. The department helps protect the farming industry and Tennesseans by ensuring food safety, proper pesticide use, fuel quality and fairness in the marketplace. The department protects forest resources from wildfire through prevention programs and urgent response to wildfire. TDA supports industry development through farmer incentive programs and promotional activities to expand markets.

TDA is divided into four major program areas: Administration, Forestry, Market Development and Regulatory Services.

Administration — Administration provides budgetary, legal, human resources and communications support to help department programs achieve goals and objectives in an efficient and cost-effective manner. Other programs within administration include the Agricultural Crime Unit, Boll Weevil Eradication, Commodity Distribution, Water Resources and a partnership with USDA to provide agricultural statistics.

Forestry — The Division of Forestry promotes the wise use of forest resources by helping landowners, fighting wildfires, providing quality seedlings, monitoring insects and diseases, improving urban forests, managing state forests, protecting water quality and collecting forest inventory data. To prevent wildfires, the division trains volunteer fire departments, issues burning permits, enforces fire laws and teaches the public fire safety.

Market Development — With its prime geographical location, transportation infrastructure and production capacity, Tennessee is poised to fully participate in the expanding world market for agricultural products. Market Development works to maximize economic opportunities for Tennessee agriculture through marketing and industry development programs and promotional services.

Regulatory Services — Regulatory Services monitors agricultural materials, food and consumer products and services to assure quality, public safety and a fair marketplace. This includes animal health and diagnostics, food and dairy inspections, ensuring petroleum quality and proper pesticide usage.

APPROACH/METHODOLOGY

The Tennessee Department of Agriculture's Top to Bottom Review has assessed all divisions and programs in order to determine how the department can best deliver services to the people of Tennessee. Input was gathered from employees and various stakeholders to identify areas for improvement which primarily uncovered various external factors influencing the department's ability to deliver services.

The Tennessee Department of Agriculture (TDA) has responded to significant changes in recent years in staffing, technology, revenue and customer demand for services. With these recent changes in mind, the department reviewed additional divisions and functions to discover opportunities for more efficient delivery of services. Within the Regulatory Services Division, the review focused on managing workloads, cross-training, incorporating technology and prioritizing activities and services. Administrative staff changes were also made to emphasize the department's focus on rural economic development and to proactively address key industry issues as they arise. In addition to program reviews, input was gathered from key stakeholders and from employees through a series of meetings held across the state.

RECOMMENDATIONS

Recommendation 1: Fully implement the Agriculture and Forestry Economic Development Task Force.

Discussion: Rural areas in Tennessee have not experienced the industry development and job growth seen by urban areas. Income levels are lower and many areas experience 'brain drain' as young people completing their education leave local communities. The Agriculture and Forestry Economic Development Task Force seeks to improve interagency communication and coordination of rural economic development activities. The objective of the Task Force is to create an interagency group to assist in setting priorities and developing strategies in support of Governor Haslam's overall commitment to rural economic development.

Recommendation 2: Improve the permitting process for Concentrated Animal Feeding Operations (CAFO) in order to develop the interagency procedure for large livestock operations requiring nutrient management plans for animal waste handling.

Discussion: The Tennessee Department of Agriculture Water Resources Program has been in a partnership with the Department of Environment and Conservation Division of Water Pollution Control since 1998 regarding the review and approval of nutrient management plans for Concentrated Animal Feeding Operations (CAFOs). The goal is to improve customer service to Tennessee livestock producers by streamlining and simplifying the permit application review process and implementing a standard operating procedure and memorandum of agreement between TDA and TDEC.

Recommendation 3: Study the process and minimum threshold for refunding overpayments made to the state.

Discussion: When a payment to the state exceeds the amount needed, refunds are required for balances exceeding five dollars. The issuance of a refund is labor intensive, costly, and must be issued even if the business or individual preferred the funds be credited to the next payment. The department recommends a review of the refund process to find a solution that is more efficient, convenient and economical to the customer and the state.

Recommendation 4: Implement State Forest Plan for 2020 which establishes a sustainable harvest level for the Tennessee State Forest system that ensures healthier state-owned forests for generations to come.

Discussion: The plan outlines five goals and thirty-two strategies to achieve healthy, sustainable and well-managed state forests. The Division of Forestry is in the process of completing department plans, which will be managed on schedule. In addition to dedicating Forestry staff to quality state forest management, the division is conducting outreach to elected officials, local residents and user groups on 2020 Plan actions.

Recommendation 5: Implement outreach and planning efforts as part of the Forest Action Plan.

Discussion: The Forest Action Plan is a comprehensive resource assessment and strategy developed collaboratively with many partners from across the state that identifies priority issues and landscape areas with an emphasis on conserving working forest landscapes, protecting forests from harm and enhancing public benefits derived from trees and forests. The Division of Forestry will initiate outreach to landowners, local residents, public officials and citizens in four critical watersheds in 2012 to raise awareness of the important link between forested landscapes and abundant quality water.

Recommendation 6: Improve the Tennessee Agricultural Enhancement Program application process and outreach.

Discussion: The Tennessee Agricultural Enhancement Program (TAEP) is a cost-share program for Tennessee farmers. Applications are submitted in early June, and it generally takes 8-10 weeks to notify farmers of their application status. Unfortunately, not all applications can be funded and it currently operates on a first-come, first-serve basis. The goal is to make the application process easier by providing an online application and increasing automation and outreach efforts. Online applications will ensure forms have all required information, which in turn will speed up the process. Secondly, application approval will be based on project priorities as identified by the applicants rather than the current first-come, first-serve basis. This allows the department to fund higher priority projects for more farmers.

Chapter 2

CHILDREN'S SERVICES

HIGHLIGHTS

- Increase community engagement and support for Foster Care Review Boards by identifying and measuring quality indicators.

- Build a human resource development system which recruits, trains, and supports a qualified, high-performing workforce. Increased effectiveness and efficiency in this area can save the department an estimated $4.2 million annually.

- Increase occupancy rate for more effective utilization of our Youth Development Center system. The increased efficiency and effectiveness resulting from this initiative could save an estimated $4.4 million annually.

INTRODUCTION

The Tennessee Department of Children's Services (DCS) was established by the Tennessee Legislature in 1996. It was formed by combining children's service functions from six state departments, including Human Services, Youth Development, Mental Health, Education, Finance and Administration and Health. DCS protects children who are victims of abuse or neglect and strengthens families through services that focus on family support and preservation.

DCS administers services in three program areas: Child Protective Services, Child Welfare Services and Juvenile Justice.

Child Protective Services investigates cases of abuse or neglect. The division oversees the DCS hotline call center, evaluates child safety through investigation and

assessment, determines resources or services needed, and places children in care.

Child Welfare Services works to bring permanency to each child by managing child custody arrangements, administering adoption services and providing child and family support.

The Division of Juvenile Justice serves youth who have committed delinquent offenses. Services range from community diversion to custodial care. The department currently operates five Youth Development Centers (YDCs) across the state.

APPROACH/METHODOLOGY

DCS partnered with the Casey Foundation to prepare surveys and compile data for the department's Top to Bottom Review. The review examined the department's mission, operations and relationships with constituents, employees and key stakeholders.

Areas of focus included:

- Is DCS's mission appropriate for state government?

- In what areas can DCS be more effective?

- In what areas can DCS be more efficient?

- How can DCS better partner with other agencies and organizations to meet the needs of Tennesseans?

Research was gathered through a series of 14 focus groups comprised of 114 participants, 56 in-depth interviews among a cross section of stakeholders, and a suite of web surveys completed by more than 3,875 employees, stakeholders and influencers. There was broad representation from across the state with an emphasis placed on ensuring diversity of input (e.g. staff at every level, stakeholders in urban, rural and remote areas).

To encourage candor, the Casey Foundation gathered the data. Respondents' names and specific comments were kept in confidence. Commissioner Kathryn O'Day also engaged in conversations during regional visits with legislators and other elected officials, district attorneys, law enforcement professionals and partners.

CHILDREN'S SERVICES TOP TO BOTTOM METHODOLOGY

FOCUS GROUPS

DCS STAFF

INTERVIEWS & SURVEYS
4000
PARTICIPANTS

CHILD POLICY STAKEHOLDERS

STAKEHOLDER SURVEY

RECOMMENDATIONS

Recommendation 1: Develop and strengthen provider and community partnerships through network development.

Discussion: Community partners and private providers are essential to the work of the department, but the Top to Bottom Review revealed that relationships between the department and outside providers and community partners need improvement. The department has hired a Director of Network Development who is responsible for refining the department's performance-based contracting and ensuring an array of evidence-based services are geographically distributed to serve clients.

Improvements in this area will provide a robust network with capacity to meet the needs of clients, ensure more effective and efficient use of resources, and improve provider relations.

Recommendation 2: Cultivate relationships with Foster Care Review Boards to create better community connections, provide support, and develop a system for collecting data on quality.

Discussion: Foster Care Review Boards advise the courts about the permanency process for children in foster care. They play an integral role in the department's work, and building stronger relationships with board members will improve the foster care system.

The department has met with Foster Care Review Boards (FCRBs) in each region and is working to develop quality indicators and direct a survey of FCRB volunteers.

Recommendation 3: Create monthly communication with partners and community.

Discussion: To increase awareness of issues and improve engagement, DCS will develop monthly communications with its stakeholders and employees. Establishing consistent and reliable communication will support the work of the department.

Recommendation 4: Implement In-Home Tennessee project, in partnership with the Atlantic Coast Child Welfare Implementation Center, to keep children safely in their families and communities.

Discussion: The In-Home Tennessee program aims to redefine and strengthen the delivery of in-home services offered to Tennessee's children and families. The program will work to help families provide safe care for their children within their homes and communities, develop effective coping

and care giving skills, gain access to and use resources to effectively meet their needs, and use service provisions to reduce repeat maltreatment.

Recommendation 5: Utilize data to track repeated reports of maltreatment.

Discussion: Child Protective Services (CPS) investigates cases of abuse or neglect. The division evaluates child safety through investigation and assessment, determines resources or services needed, and places children in care. CPS will utilize data to improve practices and reduce repeat incidents of abuse or neglect.

Recommendation 6: Partner with the Casey Foundation and other national experts on advancing child safety and preventing fatalities.

Discussion: The department is engaging national experts to look at how the health care industry has adopted strategies of high reliability organizations and how DCS could apply similar strategies.

Recommendation 7: Realign juvenile justice resources, track recidivism, and develop comprehensive community alternatives to maximize rehabilitation of youth.

Discussion: DCS has not tracked recidivism data in the past, a practice that has earned the department prior audit findings. DCS recently developed a definition of recidivism and is currently compiling research to establish baseline data. The department is also actively studying successful Juvenile Justice efforts in other states to see what lessons learned could be applied in Tennessee. As part of this effort, the department has recommended the closure of Taft Youth Development Center in FY 2013. This will save $4.4 million annually.

Recommendation 8: Create Office of Performance Excellence.

Discussion: The Office of Performance Excellence will align quality, internal audit and human resource functions, and provide the supporting structure for a high reliability organization.

This recommendation has been completed.

Recommendation 9: Build a human resource development system which recruits, trains, and supports a qualified, high-performing workforce.

Discussion: The department's human resource function has historically been focused on processing. DCS is shifting its focus to provide more support for supervisors and employees. An overhaul of the training program will make it more responsive to staff feedback and more capable of meeting the organization's needs. Changes to the department's training program will save DCS approximately $4.2 million annually.

Chapter **3**

COMMERCE & INSURANCE

HIGHLIGHTS

■ The department will promote Tennessee as a marketplace for new and existing business and professionals by eliminating unnecessarily burdensome or outdated regulations. Notably, the department has established infrastructure to enhance Tennessee as a domicile for captive insurance company formations.

■ The department will streamline and simplify licensing processes across all of its divisions to consolidate common functions, develop modern digital infrastructure, and improve speed to market. Significant examples of this include utilization of System Electronic Rate Form Filings (SERFF) and State Based Systems (SBS) agent licensing, expansion of existing online licensing and renewal functions, and implementation of modernized telecommunications infrastructure.

■ The department will reduce fire mortality and fire dollar loss in Tennessee by re-focusing and better integrating the full resources of the Fire Prevention Division and by identifying potential high-risk areas for targeted prevention efforts.

INTRODUCTION

The Department of Commerce and Insurance (TDCI) is the primary regulator of business in the State of Tennessee. Though the department is diverse, the one consistent focus throughout the agency in performing all its varied functions is to protect the consumers of the State of Tennessee, while at the same time, promoting a healthy market for businesses and professionals to practice their trades and professions without undue regulatory burdens. The department houses over sixty different regulatory programs overseeing a wide range of commercial, professional, and occupational activities. The department's responsibilities include the regulation of the insurance and securities industries, the State Fire Marshal's Office, the Division of Consumer Affairs, TennCare Oversight, and Regulatory Boards. Additionally, the department operates the Tennessee Fire and Codes Academy and the Tennessee Law Enforcement Training Academy and has administrative responsibility

for the Tennessee Emergency Communications Board, the Police Officer Standards and Training Commission (POST) and the Firefighting Commission. The department has responsibility for the Scrap Metal Dealers Registration program and the Tennessee Athletic Commission is attached to the department for administrative purposes as well.

The Department of Commerce and Insurance strives to protect Tennesseans by providing balanced and efficient regulation of industries and professionals, fire prevention, consumer advocacy and education, and specialized law enforcement. We strive to do all we can to assist and facilitate those persons wishing to do business in Tennessee coupled with the goal of strong enforcement against those that misuse that privilege and mistreat the citizens of our state. Promoting Tennessee as a marketplace for new and existing businesses and professionals by eliminating unnecessarily burdensome or outdated regulations is a principle to which the department is strongly committed.

APPROACH/METHODOLOGY

The Department of Commerce and Insurance's Top to Bottom Review examined TDCI's mission, functions, structure and focus. To undertake the Top to Bottom Review of the department's activities, focus was on two key questions. First, should state government actually be doing this? Second, is this the most efficient and effective way to do it?

In conjunction with the Top to Bottom Review, the department has prepared proposals for two other working groups commissioned by Governor Haslam. Department of Economic and Community Development's's study of the reduction of regulatory burden and comprehensive review of state boards and commissions provide the framework for the response to the first question, "Should state government be doing this?" Once completed, the focus of the Top to Bottom Review was on the second question, "Is this the most efficient way to do it?"

To that end the department has identified the critical path areas to assure proper organizational structure, internal processes and procedures, staffing and

resources to meet departmental statutory responsibilities and serve the state and its citizens efficiently, effectively and fairly.

RECOMMENDATIONS

Recommendation 1: Dedicate a Captive Insurance Section within the Insurance Division with the goal of establishing Tennessee as a viable captive domicile to promote investment and job creation in the state.

Discussion: Legislation was passed in 2011 with the costs of establishing the Captive Insurance Section absorbed by departmental restructuring. Progress has been made with two captives being licensed and with two additional applications under review. Over 100 attendees from twelve states met at the initial meeting of the Tennessee Captive Insurance Association.

This recommendation has been completed.

Recommendation 2: Review departmental forms/ information required from licensees.

Discussion: Components of this extensive process include:

- Gathering of forms and the information (data elements) required,

- Determining the purpose of the document/data (why do we need it),

- Identifying the authority for requesting the information (i.e., statute, rule, etc.),

- Determining how the document can be delivered,

- What fee is associated with the document,

- Who reviews/approves the document,

- What information is stored and how is the information stored (i.e., entered into a database),

- What is the retention policy applicable for the document?

This task is a vital component of transforming to paperless operations and streamlining business processes. In the Codes Enforcement Division, one example of this document review relates to the online plans review submittal form, which has been improved by requiring design professional fields only when plans from a registered architect or engineer is required by rule, rewording to clarify questions regarding the scope of work and involvement of consultants, and adding more instructions and information to reduce user confusion.

As part of the department's effort of reviewing regulations in conjunction with the Department of Economic Development's study of regulatory burdens, streamlining efforts will include updating several of the department's rules, including plans to amend Tenn. Comp. R. & Regs. 0780-01-37 to allow electronic filing of insurance company annual reports and Tenn. Comp. R. & Regs. 0780-02-16-.01 (1) to delete the requirement that applications or documents mailed to the State Fire Marshal's Office be by certified mail.

Recommendation 3: Consolidate payment processing functions of the Fire Prevention Division, the Tennessee Athletic Commission and the Division of Regulatory Boards and consolidate other common licensing functions across regulatory boards.

Discussion: Consolidation of these functions will ensure faster processing of payments and a centralized customer location. Payment processing time will be decreased by 33% with a reduced time for crediting payment from an average of four days to the same day of receipt. This payment processing project was piloted and core processes are being evaluated for efficiency. Consolidating common licensing functions is part of an effort to streamline and create efficiencies for licensees.

Recommendation 4: Utilize System Electronic Rate Form Filing (SERFF) for rate and form filing and State Based Systems (SBS) for agent licensing in the Insurance Division.

Discussion: SERFF is currently used for both property/casualty and life/health products. SERFF and SBS have been cost neutral to operate, provide program enhancements (partly paid for with federal funds) and allow for electronic submission of rate filings and licensing functions. SERFF allows the public to access rate filing information online.

This recommendation has been completed.

Recommendation 5: Decrease records retention costs by electronic Record's Disposition Authorization (RDA) development, deployment of paperless processes and appropriate use of off-site storage.

Discussion: Utilization of off-site and paperless records storage is a key strategy to minimize increases in projected department rental costs due to renovations plans. Off-site storage provides significant costs savings especially with respect to records rarely needed. Requests for state electronic permanent records standards and RDA approval for destruction of paper records once scanned has been submitted. For regulatory boards, once paper licensing and complaint files are imaged and scheduled for destruction pursuant to Records Disposition Authorization 10222, there has been set forth a process that is being pursued by other divisions.

Recommendation 6: Deploy efficient communications using an integrated voice over internet phone system to monitor call volumes and allow for quality assurance review of customer interactions and maximize the use of Blackberries, wireless hand held devices, tablets and bar-coding for field operations.
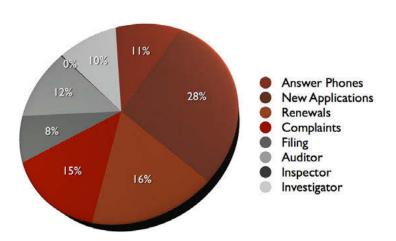
Discussion: Due to wiring requirements, implementation will generally follow re-modeling. Mobile devices that cost about $600 each will replace laptops that cost about $1,000 each. The estimate of initial savings for the first phase of this replacement is $22,000, which would be used to advance the replacement schedule. Further, the modern phone system will serve as the platform to

integrate applications to streamline and support business processes and these devices will support the goal of becoming paperless. Arming statewide inspectors with tablets and licensee bar-coding will increase inspection efficiency and data transmission to the regulatory agencies.

Recommendation 7: Implement automated telephone inspection requests using an interactive voice response (IVR) system.

Discussion: This has provided an automated open-24-hours-a-day process for contractors and customers and has eliminated four hours of time per day for one employee, who has been assigned additional duties. By using IVR, residential permit inspection requests are immediately communicated to the inspector (who has two hours to accept the inspection or the request will be transmitted to a second-in-line inspector) so that inspections are performed with the required timeframes. This also provides automated reporting processes.

This recommendation has been completed.

Recommendation 8: Ensure the Fire Prevention Division has comprehensive and accurate annual data of fire incidents by improving fire reporting and tracking.

Discussion: Tennessee has an unacceptable accidental fire death ranking. However, accurate information is critical to fire prevention planning initiatives. Increasing participation in the Tennessee Fire Information Reporting System (TFIRS),

tracking death certificates, reviewing insurance reports and monitoring media reports are methodologies being used to accomplish this objective.

This recommendation has been completed.

Recommendation 9: Develop GIS maps showing predicted areas where fire deaths are likely to occur and increase education and prevention efforts in these areas.

Discussion: In partnership with the University of Tennessee's Institute for Public Service (IPS), a state demographic analysis has been performed to allow for more focused fire prevention and education efforts.

This recommendation has been completed.

Recommendation 10: Distribute 10,000 smoke alarms to local fire departments and promote and track their installation.

Discussion: These smoke alarms have been distributed and approximately half of them have been installed in areas with the highest risks. This effort was funded with a federal grant of $241,000.

Recommendation 11: Provide a new annual year-round guide, the "SFMO Monthly Fire Prevention and Public Fire Education Planning Guide".

Discussion: This guide was released in October during Fire Prevention Week. It will highlight education activities of the State Fire Marshal's Office (SFMO), including but not limited to the annual poster contest, the Fire Mortality Summit, "Get Alarmed Tennessee", safe holidays, and set-your-clock-check-your-battery. Fire prevention messages will be added to all emails, letters, and vehicles and on the website.

This recommendation has been completed.

Recommendation 12: Move the Bomb and Arson Section into the main Fire Prevention Division offices and streamline special operations to target high areas of arson ensuring that the most egregious violations are dealt with promptly and appropriately, and release public information regarding arson convictions to serve as a deterrent.

>*Discussion:* The estimated savings from reduced space needs is approximately $31,000 annually and will be used to offset increased rent projected due to renovations. This move will better integrate the operations of the Bomb and Arson Unit with the goals of the Fire Prevention Division.

Recommendation 13: Implement a systematic restructuring of the resources and processes supporting complaint handling procedures.

>*Discussion:* Complaint handling improved from 49% being handled within 180 days in 2009 to more than 80% being handled within 180 days currently in the regulatory boards division. Measures to track this effort enable better monitoring/measurement of productivity. Findings developed in this analysis effort, which were addressed, included that the department devoted insufficient legal resources to complaints, turnover and attrition in the legal division compounded this issue as an impediment to desired performance, management oversight was needed, case preparation support was needed and the various aspects of the complaint process had become too diffuse.

Recommendation 14: Develop a strategy to improve TDCI's customer service and marketing.

>*Discussion:* This strategy shall be accomplished by improving the department's website in terms of functionality, uniformity, design and timeliness, and providing methodologies for customer comment and feedback in all program areas. Grant funds have been obtained for improvements relating to consumer insurance services and health insurance rate review. Staff time is reduced by providing customers with access to effective FAQs, reducing staff time, which will be measurable once the IP phone system is implemented. Maintaining telephone logs and analysis of calls, and improving customer website feedback tools are methodologies being used to accomplish this recommendation.

HIGHLIGHTS

■ Expand the scope of the department's mission to include supervision of all adult felony offenders while in the community or in a Department of Correction facility. Having all aspects of an offender's contact with the state correctional system consolidated under one state agency ensures continuity, consistency, and compliance.

■ Establish a unified prison system by improving institutional operations for consistency, ensuring security equipment is standardized, and evaluating processes related to offender management.

■ Review processes to ensure the maximum utilization of resources. Already areas have been organized and new areas have been created to improve the department's overall effectiveness.

INTRODUCTION

As Tennessee's largest law enforcement agency, the Department of Correction employs approximately 5,400 people and provides supervision of convicted felons during their period of confinement in the department's institutions. The department fulfills its obligations to the courts through the incarceration of inmates in a variety of secured institutions. Fourteen prisons comprise the state's correctional system, three of which are managed privately by Corrections Corporation of America. The Tennessee Department of Correction (TDOC) continues to be one of a few state prison systems in the country to have all facilities maintain their national accredited status by the American Correctional Association. As of December 31, 2011, 19,734 inmates were housed in state prisons, and 9,708 inmates were in a county facility. The department consists of its headquarters in Nashville, the Tennessee Correction Academy in Tullahoma, and its fourteen prisons.

The department's official mission is to enhance public safety in Tennessee through the incarceration and rehabilitation of felony offenders. To ensure that everyone understands the "bottom line" priority of the department, the motto of "safe and secure prisons" was added as a way to ensure that safety remains the primary focus. This message has been shared throughout the state at leadership meetings and visits across the state. Furthermore, the message remains consistent among senior staff as changes are introduced to the organization and then implemented. Regardless of the changes and innovations that occur throughout the department, public safety will not be compromised.

The department's vision focuses upon three areas: professional development of its employees; operations enhanced by technology and best practices; and opportunities for offenders' rehabilitation to reduce recidivism. The changes implemented since January consistently demonstrate this vision.

The values of the department include commitment to fair and ethical treatment of convicted felons; respect for fellow employees; responsibility and accountability to citizens of Tennessee; and integrity in both external and internal relationships.

APPROACH/METHODOLOGY

The Top to Bottom Review examined Correction's current mission and entire operations as related to three core focus areas: people, processes, and infrastructure.

People: Do we have the people with the appropriate skill levels to provide the services required?

Processes: Are the current processes addressing the needs to ensure we are doing the job as efficiently as possible? Are current processes consistent with best practices? Are these processes part of our core mission? Can someone else do it better?

Infrastructure: Is our current facility plan sustainable for the future?

The process of reviewing the people, processes, and infrastructure of the department began early in 2011. The review helped focus leadership and required them to review their areas with a fresh perspective. Through the introduction of reengineering theory and principles, assistant commissioners, wardens, and directors were given a tool to use while examining people, processes, and infrastructure. In the summer, the department conducted a series of field summits to elicit the staff's perspective of the department's strengths, weaknesses, and opportunities for improvement.

Process action teams, consisting of all levels of staff, were established to review ways to improve efficiency and enhance operations without compromising quality and safety.

Through the Top to Bottom Review process, which included facility site visits, senior leadership meetings, and a series of field summits, a list of recommendations was developed that will enhance the agency's ability to perform its core mission of "operating safe and secure prisons."

RECOMMENDATIONS

Recommendation 1: Expand the scope of the department's mission to include supervision of all adult felony offenders while in the community or in a TDOC facility.

Discussion: The Tennessee Department of Correction and the Tennessee Board of Probation and Parole are committed to enhancing public safety through the incarceration and rehabilitation of felony offenders, the operation of safe and secure prisons, and the supervision of offenders on release.

While both agencies have been operating as separate entities since 1999, TDOC and BOPP share overlapping responsibilities in the supervision of adult felony offenders. The process of streamlining services began in 2009 when the General Assembly approved legislation requiring TDOC and BOPP to develop an individual treatment and supervision

plan for each offender. The Joint Offender Management Plan embarked upon in 2009 was a springboard for aligning the agencies' responsibilities in order to achieve greater successful offender reentry into the community.

Designating one state agency to oversee all aspects of a person's contact with the state correctional system further enhances continuity, consistency, and compliance. The recommendation is to realign the supervision of adult felony offenders (probation, parole, community corrections, and prisons) under the authority of the Tennessee Department of Correction. Correctional professionals nationally have concluded that the public and the offenders are best served with a unified system that allows consistent supervision, program delivery, and a philosophy of enforcement. Nationwide, forty states operate under a consolidated system. In fact, consolidation is widely recognized as a criminal justice best practice.

The transfer of adult felony supervision would realize an estimated $714,801 in decreased expenditures as a result of streamlining processes and realigning duplicative services.
Specifically, the $714,801 savings would be from below the line expenditures in the following areas: building rents and leases, data processing services, supplies, training, sensitive minor computers, travel, telecommunications, professional services, records management, and printing and duplication.

TDOC assumes that the growth to the department will result in an increased volume of purchases and the ability to leverage lower costs. Designating one state agency to oversee an adult felony offender's supervision will require a change in legislation.

Recommendation 2: Improve customer service throughout the department, with both internal and external customers.

Discussion: Recognition of good customer service improves staff morale and helps other staff understand what is expected. Effective customer service ensures that problems are handled quickly

and effectively. Improving customer services includes training in verbal and written communication, organization, and teamwork. Some progress has begun in this area, including the establishment of a Customer Service Award to be given quarterly to an employee who exemplifies model service.

Recommendation 3: Develop staff training that is based upon core competencies.

Discussion: Through the new Division of Organizational Development, the department is engaged in the identification and analysis of employee core competencies required to perform the critical tasks desired. Core competencies refer to the key skills that are put into practice to deliver value to the customer. The goal is to develop training and staff development programs designed to address not only the specific skills, but also the conceptual knowledge and understanding necessary to employ those skills effectively. Because the Department of Correction is a diverse, complex organization, developing training based upon core competencies is a multi-year effort.

Recommendation 4: Establish a unified prison system by ensuring consistent standards.

Discussion: While the department's institutions have different types of offenders which may in turn affect a facility's mission, several areas have been identified that can be improved upon to ensure consistency in operations. Just as consistency is essential in the operation of a successful business, consistency improves the efficiency of prison operations and creates a standard of professionalism for the staff within the prisons. Further, these practices move beyond a single work area, thereby reducing silos and encouraging communication across the different areas of work. In 2011, the Operations Division worked with the prisons to ensure consistency in areas such as inmate property, controlled movement, and cell inspections.

Further, developing a unified prison system required a review of the mission of each facility, while keeping the department's mission of maintaining safe and secure prisons in the forefront. The Charles Bass Correctional Complex in Nashville was an area that was impacted by the assessment. While the facility's Annex was classified as a minimum-security, work release facility, it could not operate under the current design and maintain the integrity of being called a secure facility. The facility was closed in November. The facility will be evaluated for upgrades or possible permanent closure. The facility will remain vacant until a determination is made about the future.

Recommendation 5: Reengineer/evaluate the bed management process from arrival through placement.

Discussion: A critical component of ensuring safe and secure prisons in a difficult economic climate requires utilizing our prison beds effectively without compromising safety. This requires reengineering to evaluate the bed management process from the offender's arrival through classification to the offender's placement into an appropriate custody-level bed.

Recommendation 6: Review the recruiting and hiring process for correctional officers.

Discussion: Currently, hiring at the four Nashville prisons occurs independently of each other. By streamlining the hiring process in Davidson County, the department can reduce duplicating efforts in interviewing, increase consistency in regards to the skills and abilities of the applicants who are hired, and have a pool of applicants whenever a vacancy occurs.

Recommendation 7: Review ways to reduce overtime.

Discussion: Overtime is a significant expense within the Department of Correction. Hiring freezes, employee attendance, inmate transportation, and inmate medical issues all contribute to the use of overtime. Currently, the department is not taking advantage of appropriate FLSA scheduling for law enforcement agencies. By implementing a new twenty-eight day schedule, the department can reduce overtime costs and reduce the number of officers needed for each shift without compromising safety.

Recommendation 8: Determine whether physicals and psychological exams can be conducted prior to a new officer hire attending the Tennessee Correction Academy for Basic Correctional Officer Training.

Discussion: All correctional officers must pass a physical examination administered by a licensed physician and be certified as free from all apparent mental disorders by a qualified professional in the psychiatric or psychological fields. Currently, medical and psychological testing is accomplished at the Academy during the first week of training; those who are dismissed will have worked for two or more weeks prior to being dismissed. Consequently, moving the medical and psychological testing earlier in the hiring process will save time and money.

Recommendation 9: Maintain an ongoing review of facility engineering projects.

Discussion: The most significant engineering project at hand is the construction of the Bledsoe County Correctional Complex (BCCX) in Pikeville, TN. The new BCCX project also includes a new waste water treatment plant; a new sewer line between the Taft Youth Center, Southeastern State Regional Correctional Facility, and BCCX; a new 15-mile, 1 million gallon per day water line from the City of Pikeville to the plateau serving the local community as well; and a new 161 KV electrical sub-station. The total new prison construction square footage is approximately 430,000 square feet. 1,444 new TDOC beds will be added as a result of this project. Other ongoing projects include fire alarm system updates, upgrades to sallyports and pedestrian gates, and upgrades to security electronics. All of these improvements enhance security and create a safer prison environment for both offenders and staff. Further, the department looks to develop a system to track and review the

status of all projects. In some instances, some processes may be accelerated by utilizing skilled inmate labor.

Recommendation 10: Review by the department's Local Jail Resources Office of what different jails are offering by way of programming to identify best practices.

Discussion: Many jails across the state house TDOC offenders. While some areas are able to provide a variety of programming opportunities for offenders, other areas are more limited in their resources. By reviewing program and treatment offerings at different facilities, the department's Local Jail Resource Office can identify best practices as well as help local areas successfully utilize limited resources. Through examining and implementing best practices, offenders will be better prepared when they are released and recidivism will be reduced.

Recommendation 11: Complete the implementation of CompStat and Monthly Roll-Up reports.

Discussion: The department has started work to develop performance objectives to monitor effectiveness in key areas. Two elements have been introduced: CompStat and the Monthly Roll-Up. Each element is designed to provide snapshots of information deemed to be relevant to the decision-making process. The CompStat report focuses upon individual facility effectiveness, whereas the Monthly Roll-Up allows executive staff to review areas system-wide. Successful implementation of these tools requires the completion of five phases: selection of relevant data, collection of selected data, formatting of data, training for data driven decision making, and quality control. In addition to increasing accountability, leaders at all levels will have an opportunity to be involved in the decision-making process.

Recommendation 12: Continue identifying areas to examine for improvement within prison operations, e.g., allowed items, visitations, max-custody beds, duty

officers, and a phase-down program for higher custody level inmates.

Discussion: The nature of corrections requires that the review of security operations and procedure be ongoing. Work groups have been established to examine visitation procedures, checkpoint procedures, items allowed within the facilities, and max/close custody processes. Reviewing processes ensures that the department is operating efficiently and working in alignment with the agency's objectives. For example, reviewing visitation and checkpoint procedures helps reduce contraband entering a facility. Developing a phase-down program for higher custody inmates is a way to encourage positive changes in offender behavior. Having standard processes makes it easier to train staff and it ensures that the customer has the same experience.

Recommendation 13: Identify opportunities for further improvements to rehabilitative programs, to include expanding Pro-Social Life Skills, exploring programming options for maximum custody offenders, strengthening vocational programming, and expanding correctional release centers.

Discussion: Ninety-seven percent of all TDOC offenders will be released back into the community. The safety of every Tennessean depends on the successful reentry of these offenders into society upon release. The department can reduce victimization and improve public safety through using rehabilitative programming and effective reentry preparation that have been proven to produce positive offender outcomes.

Recommendation 14: Release Request for Proposals for the increased provision of mental health services.

Discussion: The department released a Request for Proposal (RFP) to secure a contract for mental health services at eleven (11) state-managed facilities. Services to be provided include, but are not limited to, psychiatric, psychological, substance abuse, case management, and pharmaceutical services. The implementation of a best practice

model represents an important step in enhancing diagnostic and treatment options, as well as efficiency and cost effectiveness in the delivery of correctional mental health care.

This recommendation has been completed.

Recommendation 15: Implement quarterly reporting of performance by the medical contractor to the commissioner.

Discussion: In Fall 2011, Correction staff met with the department's medical contractor to review the contractor's performance during the past year and to establish performance expectations and standards for the coming year. All outcome measures were designed specifically to produce operational efficiencies, maintain quality of care, improve public safety, and reduce costs to the department.

Recommendation 16: Create leadership development training for directors and senior management.

Discussion: Correction must be a learning organization. This requires the department to engage in systems thinking, build a shared vision, and encourage team learning. Correction shall start with its leaders since they communicate the vision, build consensus among their colleagues, and model the actions that should be developed in others. Moving forward, the department must also identify future leaders and integrate them into appropriate leadership training with the current leadership.

Recommendation 17: Build in-house training capacity for LEAN.

Discussion: The steps necessary to successfully improve Correction will require ongoing planning and evaluation, as well as efficient resource allocation and utilization. Utilizing LEAN concepts will aid the department in moving forward. LEAN management focuses on what are the key processes in all departments/agencies, what services are they delivering, and how much of what is being done is value-added (what the taxpayer truly needs and is willing to pay for) versus non-value added.

Senior management was introduced to business process reengineering in June 2011 and to LEAN in September 2011. By educating people about LEAN management concepts, they understand the benefits to themselves and their organization. This understanding helps them take ownership of the transformation. When there is ownership of the LEAN management transformation, the entire organization can improve by driving performance towards an ideal state and increase employee acceptance of change. Correction staff members have participated in the Department of Finance and Administration's LEAN training. Three staff were trained as facilitators in fall 2011, and three more were trained in January 2012.

Recommendation 18: Fully examine the accounting process of local jails to improve the flow of new arrivals into the state system.

Discussion: Several counties in Tennessee house locally-sentenced offenders as well as offenders sentenced to TDOC custody who are awaiting transfer into a TDOC institution. As of December 31, 2011, 4,422 offenders were locally sentenced, 4,621 offenders were housed in a local jail while waiting for a space in a TDOC facility, and 665 other convicted felons were also in a county jail. Consequently, such a large population necessitates a review of current processes. This project is very broad in scope and will require process reengineering.

Recommendation 19: Research energy alternatives that may be incorporated into the department.

Discussion: A geothermal system has been installed at the new Bledsoe County Correctional Complex. The department is in the final design phase for a geothermal system at NWCX for HVAC and hot water generation.

Recommendation 20: Implement electronic fund transfers for offender families to deposit funds.

Discussion: Currently, families of offenders who want to deposit money into the offender's account go through a mail-in process that is received and processed manually in the prison. Due to the segregation of duties, multiple employees are involved in receiving, depositing, and accounting for the funds. By automating the process, funds will be received faster and processed more efficiently.

Recommendation 21: Increase the use of TDOC farm-grown products.

Discussion: Several prisons operate vegetable gardens to supplement the food that is provided to offenders. Not only is this a healthier alternative than canned and processed food, but it also is cost effective as well. The prison farm in Davidson County also includes a compost recycling program, which diverts waste from landfills, prevents pollution, and produces compost that eliminates the use of fertilizer on the farm and provides an excellent balance of nutrients in the soil for optimum crop production. This initiative maximizes resources for the department as a whole, while benefitting inmate workers, giving them an opportunity to engage in meaningful work that allows them to develop a work ethic and learn more about the role they play in helping the environment. Moving forward, the department can look to replicate this model throughout the state. By coordinating efforts, the department anticipates substantially reducing its food cost.

Recommendation 22: Expand video conferencing with courts.

Discussion: TDOC is responsible for transporting inmates across the state, from facility to court. In 2011, all Davidson County Criminal Court Judges adopted video conferencing, so a total of six Nashville judges now use electronic equipment to arraign offenders rather than transport the individuals directly into the courtroom. In calendar year 2011, 212 inmates were arraigned by video conference. This means there were 212 fewer

opportunities to risk public safety because the offender, though present in court, was still confined in a secure facility. TDOC is looking to expand this offering to other counties.

Recommendation 23: Amend TCA 40-3-609, regarding exercising law enforcement authority.

Discussion: The proposed legislation would amend the current law to expand the circumstances under which the Commissioner of the Tennessee Department of Correction may designate employees who have been trained in the use of firearms as vested with the powers and authority of law enforcement officers, including the authority to carry weapons, while performing special details or assignments in the course of their duties as authorized by the commissioner.

TNFORWARD
TOP TO BOTTOM REVIEW

Chapter **5**

ECONOMIC & COMMUNITY DEVELOPMENT

HIGHLIGHTS

■ Focused recruitment efforts on six key sectors in which the state has a competitive advantage

■ Rebalanced business development efforts to include a focus on expanding existing businesses, which account for the overwhelming majority of new jobs created

■ Decentralized the department's operations by creating nine regional jobs base camps, each of which is led by a regional director

■ Prioritized entrepreneurial economic development activities through the funding of nine regional accelerators and a $30 million co-investment fund as part of the INCITE program

■ Renewed the department's focus on rural and distressed urban areas

INTRODUCTION

The Department of Economic and Community Development (ECD) is focused on helping achieve Governor Haslam's goal of making Tennessee the No. 1 location in the Southeast for high quality jobs. During the campaign, Governor Haslam discussed a number of strategies for achieving this goal including decentralizing the department by creating regional jobs base camps across the state and ensuring that the state has a business-friendly environment conducive to long-term economic growth.

Historically, the department has been focused on recruiting new industry to the state and overseeing a number of federal and state community development programs including the Three-Star Program, Community Development Block Grants, and the Tennessee Main Street Program among others. While in the past few years the department has ranked high in site selection

magazines for its out-of-state recruitment efforts, Tennessee lags behind many other southeastern states on broader economic indicators such as per capita GDP growth, personal income growth and the unemployment rate.

While in FY 2011 the department had a budget of approximately $365 million, the department's FY 2012 budget was approximately $147 million, a nearly 60% year-over-year decrease. This decrease was primarily driven by a decrease in federal energy funds from approximately $114 million in FY 2011 to approximately $4 million in FY 2012 as well as a decrease in state funds for the FastTrack program from $100 million in FY 2011 to $27 million in FY 2012. The significant decrease in FastTrack funds was especially impactful given that FastTrack is the department's main tool for incentivizing new companies to relocate to the state and for helping existing companies expand.

APPROACH/METHODOLOGY

ECD's Top to Bottom Review was led by a team of 16 pro bono consultants from a combination of private industry, the non-profit sector and academia. The department's review was both strategic and operational in nature. The initial focus of the review was identifying best practices in economic development to determine the best strategies for achieving the governor's goal of making Tennessee the No. 1 location in the Southeast for high quality jobs. As these strategies began to emerge, the review began to focus on how to best align the department's operations and personnel around successfully implementing these strategies.

During the review, the department prioritized gathering feedback from a large variety of stakeholders. Specifically, the review included 62 interviews with economic development officials from across the state, 42 interviews with existing ECD employees, seven roundtables across the state with a total of 297 business leaders, 12 interviews with national economic development experts, and an analysis of 878 recent ECD investments.

Given the importance of job creation to Governor Haslam's agenda, ECD committed to being the first department to initiate its Top to Bottom Review and to completing its review within 45 days. As a result, the review began in February 2011 and implementation commenced in April.

RECOMMENDATIONS

Recommendation 1: Prioritize the state's out-of-state recruitment efforts by focusing on key sectors in which the state has a competitive advantage.

Discussion: Using the clustering methodology made famous by Harvard Business School Professor Michael Porter, ECD undertook an analysis to determine the sectors in which the state has a competitive advantage. The assumption behind this analysis was that the state would be more successful and would better utilize its resources if it focused its recruiting efforts on sectors in which the state has a competitive advantage. After examining data such as the percentage of national employment in a sector that Tennessee is responsible for and the average wages of Tennessee employees in a sector, ECD identified six target sectors: automotive; business services; chemicals and plastics; healthcare; transportation, logistics, and distribution; and energy and advanced manufacturing. ECD assigned a project manager (See Recommendation 2) to each of these sectors, thereby ensuring there is a specific ECD staff member focused on developing deep knowledge and contacts within each sector.

This recommendation has been completed.

Recommendation 2: Refocus the staff resources dedicated to out-of-state recruitment.

Discussion: The Top to Bottom Review found that the resources the department committed to out-of-state recruiting had been declining over time. In order to ensure the state had a strong recruitment effort, ECD completely restructured its recruitment team in part by promoting several of the department's strongest staff members to take leadership roles on the team. In addition, for the first time in over five years, the department budgeted for significant travel for each of its recruitment team members so that they could solicit out-of-state businesses on moving to Tennessee. ECD also significantly increased its commitment to the Tennessee Economic Partnership (TEP) in order for TEP to hold a number of events for the governor and commissioner to meet with leading business leaders and site selection consultants across the country (See Recommendation 3).

This recommendation has been completed.

Recommendation 3: Ensure the governor and commissioner interact directly with leaders who have the ability to decide whether companies relocate to or expand their operations in the state.

Discussion: ECD recognizes that many site selection decisions are made by a very small number of site selection consultants and corporate executives. In order to develop these relationships, Governor Haslam and Commissioner Bill Hagerty spent much of 2011 building relationships with these individuals. In part, this was accomplished through a number of out-of-state recruitment trips to locations including Atlanta, Chicago, Los Angeles, New York, San Francisco as well as Germany, Ireland, and Canada. In each of these markets, the governor and/or commissioner met with leading companies and site selection consultants. In addition, Governor Haslam hosted dinners at the Governor's Residence with CEOs from many of the

department's target sectors to discuss opportunities for helping the sector grow in the state and recruiting out-of-state companies. ECD plans to work with the Governor's Office to maintain this aggressive out-of-state and in-state outreach schedule in coming years.

Recommendation 4: Decentralize and streamline the department's structure by establishing nine regional jobs base camps across the state and combining the department's three field organizations into one.

Discussion: During Governor Haslam's campaign, he committed to decentralizing the department by establishing regional jobs base camps across the state that focused on leveraging the unique assets of each region. After reviewing a number of ways federal and state agencies organized themselves across the state and examining ECD's three field organizations, ECD decided to combine its three existing field organizations into a single field organization and to decentralize that field organization into nine regional jobs base camps. ECD created a new Regional Director position to lead each of these base camps and aggressively recruited high-performing individuals from both inside and outside of government to accept these critical leadership roles. Each jobs base camp is responsible for a number of activities including calling on existing businesses (See Recommendation 5), developing a regional strategic

plan (See Recommendation 6), supporting the regional entrepreneurial accelerator (See Recommendation 13), supporting business development recruitment projects, and helping align existing workforce development resources with the needs of existing businesses.

This recommendation has been completed.

Recommendation 5: Enhance outreach to existing businesses.

Discussion: ECD's Top to Bottom Review found that over 86% of all new jobs in the state are created by existing businesses. As a result, ECD decided to prioritize the expansion of existing businesses, in part by making one of the primary activities of its jobs base camps meeting with existing businesses to see how business is going and to discuss federal and state programs that might be able to benefit the company. Each of the 27 individuals working in a jobs base camp currently has a goal of meeting with 15 existing businesses per month. In addition, as mentioned above, Governor Haslam hosted dinners with executives from many of the leading companies in Tennessee to discuss opportunities for expanding their company's operations in the state.

This recommendation has been completed.

Recommendation 6: Lead the creation of regional economic development plans for each of the nine regional jobs base camps.

Discussion: In order to ensure each of its jobs base camps had a well-integrated plan that leveraged each region's unique assets, ECD required its base camps to spend a portion of its first six months writing a regional economic development plan. In each region, ECD convened key stakeholder's to gather their input on this plan and reviewed other existing economic development plans from the region. ECD's regional economic development plans were released in December 2011. Each plan includes a strategy for recruitment, existing business

expansion, innovation, and workforce development as well as identifies four or five key action items for 2012. ECD's regional staff will be responsible for ensuring these action items are completed by the end of 2012.

This recommendation has been completed.

Recommendation 7: Undertake a review of the state's economic development incentives to ensure they are competitive with the incentives offered in neighboring states.

Discussion: Throughout 2011, ECD met with leading local economic developers and site selection consultants to gather their feedback on the state's existing economic development incentives. As a result of these conversations, in spring 2012 Governor Haslam proposed legislation to create a new FastTrack Economic Development Grant program that would allow the state to provide cash grants to companies for items such as relocation costs and building retrofits in exceptional circumstances. Both site selection consultants and local economic developers indicated such a program was necessary for Tennessee to remain competitive with its neighboring states. The legislation is currently being considered in the General Assembly.

Recommendation 8: Streamline ECD's economic development incentive application process to make it more business friendly and to enhance ECD's ability to conduct appropriate due diligence on each applicant.

Discussion: As part of its Top to Bottom Review, ECD identified opportunities to improve, modernize, and streamline its economic development incentive application process. In Fall 2011, ECD redesigned all of its economic development incentive processes to decrease the number of forms that companies had to fill out and to ensure that these forms gathered the type of legal and personal information necessary for conducting appropriate due diligence on applicants. These new processes were rolled out statewide in January 2012, but certain due diligence requests were not included

because the department needs to ensure these documents will remain confidential, as they will contain sensitive company financial information. Legislation to keep this due diligence information confidential is currently pending in the General Assembly.

Recommendation 9: Create a new internal database for tracking recruitment and expansion projects so that any member of ECD's business development team can see up-to-the date information on projects and so that projects can be tracked from the point of initial contact until their completion.

Discussion: As part of its Top to Bottom Review, ECD found that information about recruitment and expansion projects was kept in a number of spreadsheets across the department resulting in significant duplication and an inability for any single employee to see all the information about a specific project at any one time. As a result, ECD has launched an effort to build a new business development database for tracking projects from the initial point of contact until completion. The first phase of this database was rolled out in November 2011 and subsequent phases will roll out during 2012 and 2013.

Recommendation 10: Develop a new transparency website containing detailed information on the grants the department provides to specific communities and companies.

Discussion: ECD's Top to Bottom Review found that Tennessee was one of the least transparent states in the nation in terms of releasing information on grants it provided to specific communities and companies. Given Governor Haslam's commitment to transparency, ECD is currently in the process of developing a new transparency website that will contain detailed information on the grants ECD provides to specific communities and companies. ECD expects this new website to be operational by spring 2012.

Recommendation 11: Better integrate the Film, Entertainment & Music Commission into the department and broaden the commission's activities.

Discussion: Historically, the Film, Entertainment & Music Commission has been administratively attached to ECD but has not been integrated into the department's day-to-day operations. In addition, despite its name, the commission has focused almost exclusively on recruiting film and television productions to the state with minimal attention being paid to the music industry, one of the state's most dominant industries. As part of its Top to Bottom Review, the department decided to better integrate the commission into ECD by making the commission's director report directly to one of ECD's assistant commissioners. In addition, ECD recruited five new board members for the commission and helped rebalance the commission's focus by creating a Director of Music and Business Development position that will be focused on corporate relocation and expansion opportunities in the music industry.

This recommendation has been completed.

Recommendation 12: Launch an export promotion program to assist Tennessee businesses with selling their goods in international markets.

Discussion: Although at points in the past ECD had an aggressive export promotion program, no such program has existed for the past several years. Given the rapid growth in international markets, ECD decided to relaunch its export promotion program. To accomplish this, ECD applied and received a $375,000 STEP grant from the U.S. Small Business Administration. In December 2011, ECD launched the TNTrade Program, which will include a trade mission to China and South Korea in 2012 focused on the medical device industry as well as a Market Access Program by which qualified businesses can receive up to $5,000 in reimbursement for qualified export promotion activities. ECD hopes to receive additional federal funding for the TNTrade program in future years.

This recommendation has been completed.

Recommendation 13: Enhance entrepreneurship across the state.

Discussion: ECD's Top to Bottom Review revealed that approximately 13% of all jobs in the state are created by new businesses. In order to enhance entrepreneurship across the state, ECD helped launch Startup Tennessee, a statewide public-private partnership focused on enhancing entrepreneurial activities across the state. In addition, the state ran a competitive grant process to fund nine regional entrepreneurial accelerators, one in each of ECD's nine jobs base camp regions. Each of these accelerators is focused on helping entrepreneurs develop their business concepts into early-stage companies. Most of the accelerators are scheduled to begin launching their training programs in early 2012.

Recommendation 14: Enhance capital available to early- and growth-stage companies in Tennessee.

Discussion: ECD's Top to Bottom Review found that Tennessee has one of the lowest amounts of venture capital investment per capita in the nation. To enhance the capital available to early- and growth-stage companies, ECD is in the process of launching the $29.7 million INCITE Co-Investment Fund, which is funded by federal funds made available through the State Small Business Credit Act. The fund, which will be administered by the Tennessee Technology Development Corporation, will co-invest alongside experienced, professional investors and enhance the capital available to early- and growth-stage companies.

Recommendation 15: Enhance job creation opportunities created by technology transfer from the state's leading research institutions.

Discussion: Although Tennessee is one of the top ten states in the nation in terms of total and federal research expenditures, the state ranks in the bottom ten in terms of licensing revenues and new startup firms launched based on technologies from in-state research institutions. In 2011, ECD convened leaders and tech transfer officers from the state's leading research institutions to discuss ways to

dramatically enhance tech transfer in the state. These discussions are ongoing, and ECD is hopeful to work with the Tennessee Technology Development Corporation to enhance tech transfer in 2012.

Recommendation 16: Launch a rural economic development initiative and create a new senior staff position to oversee this initiative.

Discussion: ECD's Top to Bottom Review revealed that while the entire state had a very high unemployment rate, some rural counties were experiencing exceptionally high unemployment rates near or above 20%. To address the specific challenges in rural areas, ECD launched a rural economic development initiative in Fall 2011 focused on enhancing manufacturing, business services, agriculture, and tourism opportunities in rural communities. As part of this effort, ECD is currently developing a site certification program, which in part will help rural communities develop sites that can compete for large recruitment projects, and a rural business service initiative that's goal is to increase the number of work-at-home customer support jobs available in rural communities. In addition, ECD is strengthening its partnerships with the Tennessee Department of Tourism and the Tennessee Department of Agriculture to identify opportunities to enhance agriculture and tourism economic development opportunities in rural areas. ECD has created a new senior staff positioned to oversee this initiative.

Recommendation 17: Complete a comprehensive review of federal and state regulations that negatively affect the state's business climate.

Discussion: One of Governor Haslam's commitments during his campaign was to ensure that Tennessee has a business friendly environment conducive to long-term economic growth. To assist with this, ECD launched a regulatory review in May 2011 focused on identifying regulations that were burdensome to businesses. As part of this review, ECD surveyed businesses and held twelve roundtables with business leaders and corporate compliance officers across the state. In January

2012, ECD released the results of this review. The review's primary finding was that the main regulatory challenges facing businesses were not specific existing regulations but rather the way existing regulations were being interpreted and enforced. As a result, the state is integrating discussions of regulation enforcement into state government's larger customer service initiative.

This recommendation has been completed.

Recommendation 18: Align ECD's organization structure and personnel with the department's new strategic objectives.

Discussion: Given that ECD's Top to Bottom Review resulted in several shifts in strategy, ECD decided it needed to ensure its organizational structure was aligned with this new strategy. As part of this effort, ECD combined its three field organizations into one (See Recommendation 4) and reduced its overall staff count by 40%. In addition, 50% of ECD's current 126 employees are either new to the department or new to their position in the department, indicating the significant nature of the restructuring that occurred.

This recommendation has been completed.

ECD Staff

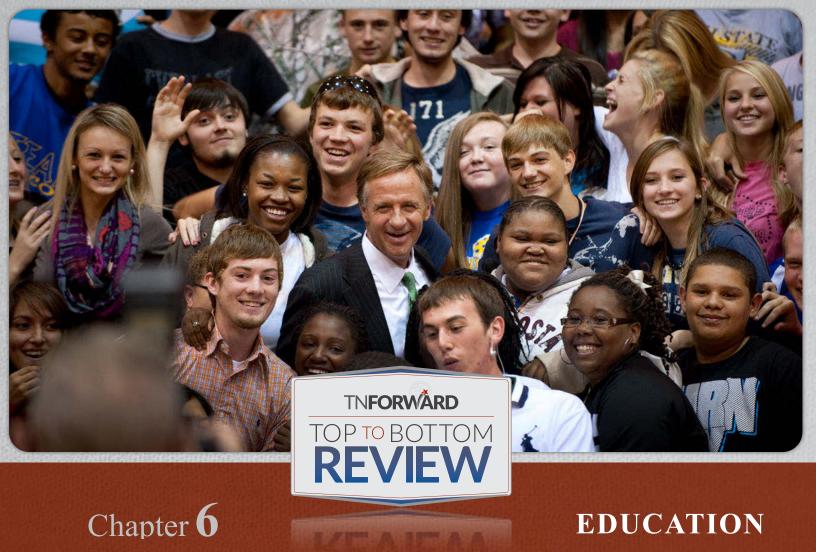**Recommendation 19:** Eliminate ECD's local planning office.

Discussion: At the start of the Top to Bottom Review, ECD's local planning office accounted for approximately 70 of the 210 employees in the department. During the review, it became clear that the local planning office – while important to local communities – was not well aligned with ECD's core mission of job creation. Moreover, a review of other states found that most local planning activities occurred at the regional or local level. As a result, ECD decided to eliminate its local planning office. To help with this transition, ECD provided approximately $1 million in local planning transition grants to help regional and local organizations build out their local planning capacity. Qualitative evidence suggests most communities have found alternative ways to provide local planning services, most often by either sharing local planners across multiple communities, partnering with the local development district or contracting with private providers.

This recommendation has been completed.

Recommendation 20: Develop a dashboard for monitoring the department's performance on a monthly basis.

Discussion: In order to ensure its new strategic plan is effective, ECD is committed to constantly and objectively measuring its progress. As a result, ECD has developed a one-page monthly dashboard that collects key information from business development, regional jobs base camp, and other key department personnel that allows for monthly monitoring of key metrics including macroeconomic indicators, job creation, existing business visits, and meetings with key stakeholders. ECD is working to complete this dashboard by the 10th of each month so that it can be shared with all department personnel and the Governor's Office.

This recommendation has been completed.

HIGHLIGHTS

■ Fully staff the Field Service Centers and shift their focus to leading student achievement for the districts in their region, as well as continuing the traditional functions of support and monitoring compliance.

■ Ensure we are fully prepared for Common Core assessments in 2014-15, by engaging deeply in the Partnership for Assessment of Readiness for College and Careers (PARCC) Governing Board and launching gradual implementation of Common Core standards and assessments over the next few years.

■ Work with businesses to understand the core academic and technical training they need in their future employees; partner with industry, universities, and professional organizations to create and deliver strong content in Career and Technical Education (CTE) coursework; and align CTE coursework with Common Core standards.

■ Ensure all staff members at the department have clearly-defined job descriptions as well as team- and individual-level goals aligned to our top goals and strategic priorities. All employees will be evaluated annually, in part based on statewide student achievement data.

INTRODUCTION

The Department of Education (TDOE) is charged with dramatically raising the level of student achievement across the State of Tennessee. The department is directly responsible for the education of students in pre-Kindergarten through 12th grade across the state's 136 school districts and 1700 schools. Our vision is to be the fastest improving state in the nation in outcomes for students.

We have recently reorganized the department to ensure our organizational structure is designed to carry out the key priorities and operate according to the core beliefs generated through our Top to Bottom Review. Under our new structure, the main divisions of the department are: an Academic Division comprised of three subdivisions, Career and Technical Education, Curriculum and Instruction, and Special Education and Special Populations; Data and Communications; District Support,

including an Office of School Innovation; Policy and Legislation, including State Operations; Teachers and Leaders; and the Achievement School District.

APPROACH/METHODOLOGY

The Department of Education's Top to Bottom Review examined the department's existing structure, responsibilities, and methods of operating to determine the efficiency and effectiveness of its work, and to recommend changes to enhance the department's ability to lead and support increased student achievement across the state.

After Commissioner Kevin Huffman was appointed in April, 2011, he formed a 12-member transition team to assist him in quickly getting up to speed on the work taking place across the state. Members of the transition team conducted substantial research into the current state of education in Tennessee; interviewed staff members across the department; engaged in discussions with 50 of 136 local school districts to learn about the department's ongoing activities; and conducted a comprehensive assessment of current and planned Race to the Top initiatives and projects. Finally, the transition team synthesized findings into a comprehensive strategic plan to guide our work for the next several years, culminating in four key priorities for the department: expanding kids' access to effective teachers and leaders; expanding families' access to good schools; expanding educators' access to great resources and best practices; and expanding the public's access to

information and data. These priorities are undergirded by three core beliefs: we must be an effective state agency that serves as a delivery system to local school districts; we must have policies that remove bureaucracy and unleash innovation; and we must operate with an ethos of continuous improvement through measurement at every level.

RECOMMENDATIONS

Recommendation 1: Support districts in hiring great teachers by offering tools and data.

> *Discussion:* Teacher quality plays a critically important role in student achievement. We want to be able to support districts in hiring great teachers, particularly smaller systems that may not have dedicated staff capacity for this function. We will support districts by offering interviewing tools and best practices, and sharing data reported by the Tennessee Higher Education Commission on the quality of different teacher preparation programs.

Recommendation 2: Expand recruitment and support for district hiring of effective principals.

> *Discussion:* We know that some districts are interested in additional support in this area and have limited capacity to recruit and hire school leaders. We will support them by conducting a leader supply and demand study to understand the landscape

KEY STRATEGIES

- Create marketplaces and supports for districts to hire effective teachers and principals
- Strengthen certification criteria and link licensure more clearly to effective teaching
- Expand effective teacher preparation programs
- Expand the reach of effective teachers and leaders to access more kids

across the state and by creating a statewide principal candidate database. Interested teacher leaders and assistant principals could opt into the database, providing them with additional opportunities for school leadership and providing directors with much more information about potential candidates than they currently have.

Recommendation 3: Expand reach of effective teachers and leaders by leveraging technology.

Discussion: Currently, great teachers and less effective ones are likely to reach the same number of students over the course of their careers. We want to ensure that the most effective teachers can reach more students by leveraging promising pilots such as the distance learning initiatives taking place in Northeast Tennessee.

Recommendation 4: Fund up to six STEM Platform schools across the state to enhance science, math, and technology education.

Discussion: Science, technology, engineering, and math (STEM) are critically important areas for jobs of the future. We will enhance STEM education and problem-solving skills by funding up to six platform schools across the state that will serve as models of quality instruction and innovation.

Recommendation 5: Create the STEM Innovation Network in partnership with Battelle Memorial Institute.

Discussion: The STEM Innovation Network is modeled after a similar initiative in Ohio and will help ensure that we can spread the learning and best practices of the STEM platform schools to other schools across the state. The Innovation Network will consist of six regional hubs, co-located with the six platform schools.

Recommendation 6: Create and execute a comprehensive plan to transition to Common Core standards, led by a new Curriculum and Instruction Division within the department.

Discussion: Common Core standards represent the next crucial step in ensuring students in Tennessee

are learning material at the level of rigor needed to compete regionally and nationally. The new Division of Curriculum and Instruction is planning and designing training, tools, and best practices to support educators through this transition.

Recommendation 7: Ensure Tennessee is prepared for the transition to Common Core assessments in 2014-15 by deeply engaging in the PARCC governing board.

Discussion: The Partnership for Assessment of Readiness for College and Careers (PARCC) is a consortium of states working together to create assessments aligned to the Common Core standards. These new assessments will be fully implemented in 2014-15. Commissioner Huffman is a member of the PARCC governing board, and through our deep engagement, we will ensure we are prepared for the transition to these new assessments.

Recommendation 8: Ensure strong content in Career and Technical Education (CTE) coursework that reflects future employment opportunities and is aligned with common core standards.

Discussion: We believe deeply in the importance and potential of CTE, and want to ensure that CTE programs consistently prepare students for future endeavors, both academic and professional. To do so, we will work with businesses to understand the core academic and technical training they need in their employees, partner with industry, universities, and professional organizations to create and deliver strong content, and will ensure CTE coursework is aligned with Common Core standards.

Recommendation 9: Provide real-time student performance data for teachers by building an early warning data system.

> *Discussion:* The early warning data system will use several research-based indicators to provide teachers and school leaders with detailed data on students at risk of falling behind academically or dropping out of school. The system is based on data already collected by the state, with future plans to add additional pieces of data.

Recommendation 10: Create and disseminate training module on use of value-added growth data to modify/improve classroom instruction.

> *Discussion:* Data is an essential tool for continually increasing effectiveness in education. Tennessee is fortunate to have a very strong value-added growth data system (the Tennessee Value-Added Assessment System, or TVAAS), but value-added data is complex and can be challenging to understand. We have created a training module to help ensure teachers can access and effectively use their data to improve classroom practice, and plan to distribute the module broadly.

Recommendation 11: Build and continue to grow a strong Electronic Learning Center.

> *Discussion:* The Electronic Learning Center is a powerful, virtual source of professional development that can be accessed by teachers from any location with internet access and at their own convenience. The Electronic Learning Center already includes many materials and we are continuing to add to and develop its resources.

Recommendation 12: Build and use a P-20 data system to inform policy decisions in education and across state government.

> *Discussion:* The P-20 data system is an opportunity to link important databases across agencies in order to inform policy decisions. TDOE is already partnering with the Tennessee Higher Education Commission (THEC) to build the system, to ensure that we can connect academic achievement data

from pre-Kindergarten through 12th grade with data on post-secondary education as well. We are also in ongoing conversations with other agencies to consider the birth through pre-Kindergarten data that might affect academic achievement and also consider workforce trends and how they relate to achievement data.

Recommendation 13: Design and publish more useful report cards on schools, and help distribute report cards regarding teacher and principal preparation programs.

> *Discussion:* We have applied for a waiver from certain provisions of No Child Left Behind with the U.S. Department of Education. If approved, we would seek to redesign our report card to ensure the data we provide is better aligned to our ultimate goals of ensuring growth in academic achievement each year, and closing achievement gaps for groups of students who are furthest behind. We also want to help disseminate useful data on teacher and principal preparation programs, including the report card that THEC already produces on the quality of teacher preparation programs. At all levels, we want to ensure that data is easily understandable and accessible, and therefore can be used to facilitate decision-making among all constituents.

Recommendation 14: Support principals evaluating teachers through the statewide teacher evaluation model in implementing the model with fidelity and providing teachers with the resources to improve.

> *Discussion:* For principals and district leaders using the statewide Tennessee Educator Acceleration Model (TEAM), as opposed to an alternative model, we are supporting them in implementing the model with fidelity by providing access to data, providing consultants who are available to co-observe with school leaders and otherwise assist them, and ensuring they have professional development resources to provide teachers, including an online portal and the Electronic Learning Center.

Recommendation 15: Support districts interested in using strategic compensation to attract and retain effective teachers.

Discussion: Some districts in Tennessee have already begun implementing strategic compensation models as a way of recruiting and retaining effective teachers, and others are interested in doing so. Each district currently implementing strategic compensation is using a different model based on local needs. We will continue to study the most effective elements of the diverse models, support implementation, and coordinate with external researchers to ensure we can learn best practices to be shared with other districts interested in using strategic compensation.

Recommendation 16: Create a statewide principal training academy.

Discussion: There are approximately 200 principals hired annually across the state. The training academy would allow new school leaders to receive training and professional development to quickly get up to speed in this critical role.

Recommendation 17: Partner with Colorado to examine and streamline paperwork and rules and regulations required of teachers and schools at the federal, state, and local levels.

Discussion: Spearheaded by Senator Lamar Alexander of Tennessee and Senator Michael Bennet of Colorado, this initiative will study the paperwork, rules, and regulations required of teachers and schools, and trace these back to their original sources to determine if they are really necessary and if they can be consolidated or streamlined. The ultimate goal would be to reduce unnecessary bureaucratic burden on teachers and schools.

Recommendation 18: Consolidate teacher and principal preparation program approval, licensure, and evaluation into one team focused on teacher and leader quality.

Discussion: We have established a new division dedicated to Teachers and Leaders, which will focus on all elements related to attracting, developing, and retaining effective educators. The Teachers and Leaders Division will ensure that previously disparate functions will be better connected and aligned towards this goal of ensuring high-quality teachers and leaders.

Recommendation 19: Establish a research and evaluation team to analyze data, study what works, and surface best practices.

Discussion: We believe that we must continue to improve at every level of the education system each year, and that this continuous improvement will be driven by measurement and data analysis. The research and evaluation team within the department would coordinate with external researchers to ensure we can learn as much as possible from their studies, and also would conduct research internally to ensure we are using data to inform all of our decisions and identify best practices.

Recommendation 20: Fully staff the Field Service Centers and shift their focus to leading student achievement for the districts in their region, while also continuing traditional functions.

Discussion: The nine regional Field Service Centers across the state have traditionally focused on monitoring compliance and providing support for district leaders. We want to shift their focus to leading student achievement for the districts in their region, while also continuing these important traditional functions, and will fully staff them for this dual purpose.

Recommendation 21: Ensure all staff members at the department have clearly-defined job descriptions and goals, and are evaluated annually, in part based on student achievement results.

Discussion: In order to be an effective organization, we will ensure that every staff member has a clearly defined job description reflecting current responsibilities, and has team-wide and individual goals that are aligned to the department's top-line goals and strategic priorities. In addition, we believe that the ultimate measure of success of our efforts as a state education agency is improvement in student achievement results. Therefore, all staff members will be evaluated annually, in part based on statewide student achievement results.

TNFORWARD
TOP TO BOTTOM
REVIEW

ENVIRONMENT & CONSERVATION

HIGHLIGHTS

■ Consolidate eleven Bureau of Environment divisions into eight for efficiency and to eliminate redundant processes within the department and restructure division reporting to facilitate greater consistency across field offices.

■ Add an Office of External Relations to improve customer service and better coordinate with local governments, regulated entities, NGOs and other state agencies.

■ Retool the Office of Environmental Assistance to increase efforts to promote energy efficiency, sustainable business practices and voluntary environmental initiatives for overall quality of life and wellness.

■ Utilize LEAN process management to improve efficiency in permitting, enforcement, grants and parks processes to reduce cost, increase quality and improve customer service.

■ Support and strengthen fiscal self-sufficiency of state parks' revenue generating operations.

INTRODUCTION

The Department of Environment and Conservation (TDEC) serves the state by safeguarding the health and safety of Tennessee citizens from environmental hazards; protecting and improving the quality of Tennessee's land, air and water; and managing the Tennessee State Parks system. A wide spectrum of department work supports greater sustainability through core activities that ensure compliance with environmental laws, rules, and regulations. The department also promotes corporate and personal actions beyond baseline regulatory requirements.

The department is the chief environmental and natural resource regulatory agency in Tennessee. It has delegated responsibility from the U.S. EPA to regulate sources of air pollution, water pollution, solid and hazardous waste radiological health issues, underground storage tanks, water supply and groundwater. TDEC has eight (8)

environmental field offices across the state and also offers a program of grants and loans to assist local communities with the development and maintenance of drinking water and wastewater infrastructure as well as solid waste disposal, waste prevention, plus programs for recycling, parks, greenways and trails. We promote both front-end environmental education and strong, effective enforcement.

The department manages 53 state parks and 82 state natural areas encompassing more than 185,000 acres across Tennessee - ranging from rustic natural and historic sites to resort parks with 6 inns, 8 restaurants, 4 marinas and the 9 golf courses on the Tennessee Golf Trail. Tennessee State Parks attract more than 25 million visits each year, and University of Tennessee research estimates state parks produce a direct annual economic impact of more than $725 million, while also supporting more than 12,000 jobs in communities across Tennessee. TDEC is responsible for conserving and promoting the historical, natural and archaeological heritage of Tennessee while also providing support and assistance to local governments for local parks and recreation programs.

The department has more than 2,900 employees working across Tennessee in full-time, part-time or seasonal positions. The department operates on a FY12 budget of approximately $340 million while utilizing a variety of funding sources to fulfill its regulatory mission: 42 percent of funding comes from dedicated fees and state parks revenue; 34 percent of funding comes from federal sources; and 24 percent of funding comes from state general fund.

APPROACH/METHODOLOGY

The department's Top to Bottom Review focused on identifying a range of actions to achieve greater efficiencies and improved customer service in all aspects of work at TDEC. The initiative utilized a variety of tools to solicit input from external stakeholders and department employees throughout the review process: more than 1,200 TDEC employees and 1,000 external stakeholders representing the regulated community, local government officials, non-

governmental organizations and outside experts provided feedback, insights and direction. Work groups for the three TDEC bureaus (Environment, Parks & Conservation and Administrative Services) led by their respective commissioner, analyzed current operations and developed recommendations affecting organizational structure, technology and communications, work processes, human resources and culture. An advisory board composed of individuals representing key external stakeholders and other partner agencies served as a sounding board for the department during the process. The work groups produced a set of priority recommendations for the TDEC Executive Committee, and the Executive Committee compiled TDEC's proposed plan for consideration by the Governor's Office.

RECOMMENDATIONS

Recommendation 1: Ensure a fair, predictable, timely and transparent permitting process by reviewing the existing permitting process and by using LEAN process improvement principles to eliminate inefficiencies and improve customer service.

> *Discussion:* Businesses, industries and local governments are required by state and federal environmental regulations to treat air and water before discharging it to the environment, and they are also required to properly dispose of the waste that they generate. For business and industry to compete nationally and internationally, Tennessee must have permitting processes that are practical in application, environmentally protective and issued in a timely manner. Ensuring fair, predictable, timely and transparent permitting will help Tennessee retain existing business and attract new business while being protective of the environment.

Recommendation 2: Maximize small business guidance and assistance by evaluating the Small Business Environmental Assistance Program to determine how the resources in this program may be best utilized to help small businesses with environmental compliance and sustainability efforts.

Discussion: The department will review all options for marketing environmental assistance to small businesses including web applications, partnering with the Department of Economic and Community Development and using our new Office of External Affairs.

Recommendation 3: Review enforcement procedure for violations of environmental statutes and regulations.

*Discussion***:** Ensure that the department is practicing fair and consistent environmental enforcement across the state and across all media.

Recommendation 4: Improve the grant issuance process by reducing unnecessary complexities and burdensome conditions in grant writing, while also improving public awareness of grant availability.

Discussion: TDEC receives funding from federal and state government and from fees that can be utilized to improve treatment and management of environmental issues, clean-up soil, surface water and waste water, and build recreational facilities. By improving the grant issuance process, the department can maximize opportunities to use these funds while ensuring all federal and state regulations are met.

Recommendation 5: Evaluate the inspection processes used by all divisions with the goal of performing efficient, thorough and consistent inspections, as well as using the inspection to help the regulated community better understand and comply with environmental regulations.

Discussion: The department conducts inspections to ensure protection and public health, and that environmental statutes and rules are followed. Each division within the department will prioritize the types of inspections it performs and schedule each inspection type for review and improvement.

Recommendation 6: Increase the effectiveness of the public notice process.

Discussion: Currently state statutes and rules that require the public to be informed about permits and environmental clean-ups also require that public notice in local newspapers be used to inform local citizens. Because the department believes it is important to inform the local community about environmental issues in their neighborhood, the department hopes that improving the public notification process will increase its customer service. Allowing the department to use alternate forms of public notice will reduce the costs associated with publication of public notices in newspapers. The department aims to develop opportunities to improve the public notice process and identify other avenues available for public notice (i.e. social media, list-serve distribution, online newspapers, etc.).

Recommendation 7: Enhance communication and transparency with stakeholders.

Discussion: The department must improve its communication with the business community, state and local governments, and the citizens across the state to be an effective environmental agency and to understand citizen interests and concerns. This recommendation includes utilizing available social media tools for outreach, education, and training and providing on-line accessibility of public information such as permits, enforcement, and public notices.

Recommendation 8: Increase communication and outreach with local governments.

    Discussion: The department has many responsibilities that impact state and local governments ranging from regulation of environmental activities, resolving environmental issues, sponsoring activities at state parks, helping existing industries expand and recruiting new industries. To help local governments, and to improve our ability to keep existing industries and businesses as well as recruit new business and industries, the department must be able to provide accurate and timely information to businesses, industries, local governments and the Department of Economic and Community Development. The department aims to utilize existing internal resources to implement an improved communication and outreach program. This includes utilizing the new Office of External Relations to coordinate efforts among the Environmental Divisions, the Department of Economic and Community Development, and local city, county and state government officials.

Recommendation 9: Improve administrative support operations for Parks & Conservation field locations (e.g. parks, historical sites) by developing a new structure to include specific Human Resources and Fiscal positions, which will facilitate improved administrative support in the field for individual park units.

    Discussion: Providing accessible support staff at the same time the department holds individual park units more accountable will produce more empowered Park Managers, and improve customer service from all the staff in the field. This recommendation will result in the better allocation of current resources available within the park system enabling the department to move forward with new key performance initiatives like Green Hospitality Customer Service Training and the LEAN process improvement activities.

Recommendation 10: Study the department's ability to use technology to increase efficiency and improve customer service by offering customers the option to use the internet for billing, paying fees, booking state services, as well as submitting permit applications, reporting, and license renewals.

    Discussion: The use of technology has become commonplace in conducting day-to-day business in both the public and private sectors. By offering these capabilities to our stakeholders, the department could improve customer service, provide the public greater access to information, and streamline labor-intensive departmental processes.

Recommendation 11: Establish an effective organizational structure to ensure improved customer service; to help stakeholders and the public receive accurate, timely, and consistent information; and to promote a proactive understanding of environmental stewardship and the real value of sustainable practices.

    Discussion: One of the most significant challenges identified in our organizational review was a perceived level of inconsistency regarding TDEC actions and communications with some stakeholders. Therefore, the department will be taking a series of actions to improve our coordination, communication and overall responsiveness. This effort will result in the creation of a dedicated External Affairs group and the creation a new position in each field office that will serve as the primary point of contact for the public and stakeholders in a particular TDEC region.

These new department-wide positions will be responsible for outreach to local governments and municipalities, development districts, existing business and industry, potential new business and industry, Department of Economic and Community Development representatives, environmental groups and the general public. In addition, TDEC will also establish an Office of Sustainable Practices. This group will advance a culture of sustainability across the department, state government and with our various partners through an action-based approach to reduce the environmental impact of our own operations, coordinate with key agencies to improve overall government environmental performance, and support best environmental practices among external stakeholders. These key organizational changes are being made and supported by the reallocated existing department resources.
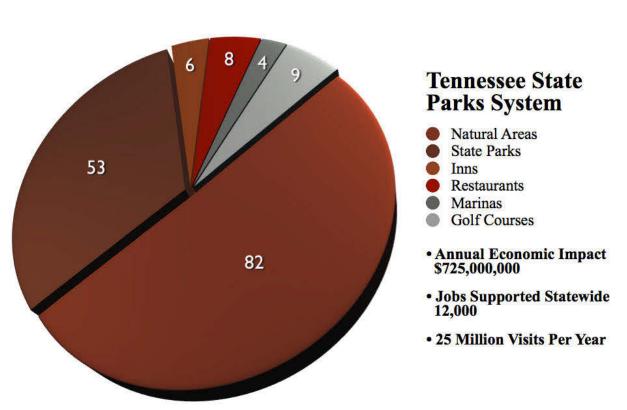
Recommendation 12: Flatten the organizational structure of the Bureau of Environment.

Discussion: The Bureau of Environment currently has eleven environmental divisions. With the elimination of the Bureau of Environment Senior Directors and the need to have consistency across the water, land, air radiation protection and remediation programs, the department will consolidate the divisions within the Bureau of

Environment. The department will combine divisions regulating similar media to consolidate its operations, insure consistency in its operation, improve communication between the Deputy Commissioner of Environment and the environmental division directors, improve communication between the department and the environmental boards, improve its relationship with industry, business and local and state government and improve its relationship with the U.S. Environmental Protection Agency.

Recommendation 13: Consolidate the Bureau of Environment organizational structure by eliminating the Senior Director positions, which will create a direct line of communication between the Deputy Commissioner and the Environmental Division Directors.

Discussion: Currently the Bureau of Environment has a two tiered management structure with a Deputy Commissioner for Environment, four Senior Directors, eleven Environmental Division Directors and eight Environmental Field Office Managers. This structure slows communication up and down the chain of command. The direct relationship between the Deputy Commissioner and the Environmental Division Directors is critical to

Tennessee State Parks System

- Natural Areas
- State Parks
- Inns
- Restaurants
- Marinas
- Golf Courses

- **Annual Economic Impact $725,000,000**

- **Jobs Supported Statewide 12,000**

- **25 Million Visits Per Year**

consistent and efficient operations within the department. In addition, Field Office Director positions will be eliminated and field office personnel will report directly to the Environmental Division Directors.

Recommendation 14:   Consolidate Tennessee State Parks' Hospitality Operations and Park Operations lines of authority so park units can operate more effectively under unified authority.

Discussion: Previous divisions within the parks system of Hospitality and Park Operations prevented open communication and the establishment of common goals for the park system as a whole. By creating single business units within park operations, the department can be more effective in meeting its mission and save approximately $100,000.

Recommendation 15: Restructure the Parks and Conservation central office to ensure roles and functions match the department's current strategy and emphasis on performance, efficiency and accountability.

Discussion: Organizing around function best meets the needs of the individual park units and offers greater opportunities for open communication, interpreting the park stories, protecting natural and cultural resources and increasing revenue-generating capability. This will result in an anticipated savings of approximately $350,000.

Recommendation 16: Create a consistent and effective environmental investigation and clean-up program by consolidating all environmental investigation and remediation responsibilities, including Brownfield Agreements, into one division.

Discussion: Currently, the department has sixteen different environmental investigation and clean-up programs in three different environmental divisions. The department will combine three different remediation programs currently under two different divisions into one consolidated unit. The Underground Storage Tank Division will remain a separate division within the department.

Recommendation 17: Maintain and improve state park assets with the development of a comprehensive State Parks System Master Plan.

Discussion: The state parks facilities, like many other state buildings, have a serious backlog of deferred capital maintenance issues. We are developing a multi-phase, multi-year major maintenance and capital plan for state parks. Fundamental in this strategy is taking care of our current locations and existing park assets first. Impact analysis of high revenue-generating facilities (inns, cabins, restaurants and campgrounds) will determine the likely return on investment opportunities and help establish priorities for upgrades. This action highlights projects that are a priority for the department, such as the busiest campgrounds in our system that do not have ungraded 50-amp electric service, and the high-volume Fall Creek Falls State Park Inn, and other amenities that are antiquated and in need of significant capital improvements. Year one of the plan is included in the FY13 budget proposal as first step in a five year plan.

Recommendation 18: Convert some full-time positions (e.g. Hospitality Workers, Conservation Workers) to "job share" positions to provide greater staffing flexibility so management is able to match staffing to actual visitor and guest demands at state parks amenities.

Discussion: Increased staffing flexibility for activity sensitive positions (i.e. Lifeguards and Restaurant Workers) will produce cost savings for the department. In addition, this flexibility will allow the department to also meet its actual workload demand and productivity targets. Over time, the department aims to convert full-time, low-skill, entry level positions to non-employee benefit job shares that will allow management more scheduling flexibility and reduce departmental staffing costs. If the department is able to place workers where they are needed, and when they are needed, it will result in less waste, a more productive staff, and increased customer satisfaction.

Chapter **8**

FINANCE & ADMINISTRATION

HIGHLIGHTS

- Replace the state's voice systems with a comprehensive, centralized IP-based solution to reduce costs and provide better service with projected savings of $70,000,000 over ten years.

- Proceed with the CFG-recommended work station improvement effort with projected annual savings of $4,200,000.

- Provide the governor with improved monthly reporting of financial status and operating performance at the department level.

- Continue growing LEAN process improvement efforts. Since the August 2011 launch, over 250 state employees have been trained and five LEAN improvement events have been completed or scheduled.

- Ensure timely and accurate closing of the state's books and associated financial reporting requirements through better coordination with other agencies and improved F&A operations.

INTRODUCTION

The Department of Finance and Administration (F&A) is home to several essential functions that support other state agencies in directly serving Tennessee citizens. The department has nine Divisions: Accounts, Administration, Benefits Administration, Budget, Enterprise Resource Planning (Edison), Office of Inspector General (OIG), Office for Information Resources (OIR), Resource Development and Support (RDS), and Shared Services.

The department's mission is "[T]o provide financial and administrative services, in partnership with public and private agencies that enhance state government's ability to be a good steward of Tennesseans' tax dollars". Discussions are underway to revise and re-focus the current mission in place since the mid 1990's – such that the emphasis is more clearly directed toward a theme of "Good business. Great customer service."

APPROACH/METHODOLOGY

The Top to Bottom Review examined F&A's current mission, responsibilities and structure to identify improvement opportunities and recommend changes.

Very few limitations were placed on the scope of the review. A discussion of the impact of personnel policies was excluded because authority for those policies rests with the Department of Human Resources. Procurement policies were excluded because the state is in the early phases of implementing significant changes to the various procurement processes and infrastructure. Additionally, there is no discussion of physical locations of divisions or work units.

Interviews and small group discussions were conducted directly with the people having first-hand knowledge of F&A's current functions. Those who perform the tasks, manage the processes, or deliver the services are in the best position to provide information on:

- What we do and why we do it;
- What we might do better and how;
- What others might do better or more effectively than us, and why;
- Those things we should start doing; and
- Those things we could stop doing entirely.

RECOMMENDATIONS

Recommendation 1: Coordinate and drive the state's Customer Focused Government initiative to improve the efficiency and effectiveness of state government for both external and internal customers.

> **Discussion:** The purpose of the Customer Focused Government initiative is to continue to improve the efficiency and effectiveness of state government for both our external and internal customers. A team of commissioners and other executive level staff utilize input from all state agencies, best practices, and the customer to improve services by developing more proficient processes and encouraging an underlying culture of efficient and effective government. The

group looks at a variety of customer experiences that expand across a number of state agencies in order to understand how the state currently conducts business among its own agencies and with the external public, and to determine how we might improve those services to be streamlined, more effective, or economical.

Recommendation 2: Grow the use of LEAN process improvement tools and principles by state agencies as part of an effort to build an underlying culture that focuses on maximizing value to the customer.

> **Discussion:** LEAN is a philosophy and set of tools which help employees and leadership streamline business processes to be more customer-focused. It is a proven methodology which a number of states and other governments have used to break through barriers and cut through bureaucracy. The department's Office of Consulting Services will support those agencies looking to adopt LEAN tools and principles by providing training and mentoring at no cost.

Recommendation 3: Provide the governor with improved monthly reporting of financial status and operating performance at the department level.

> **Discussion:** These reports would not attempt to provide detailed, audited or fully-reconciled information for each department. Rather, the purpose would be to reflect a more global level of information (e.g., month-to-month trends) to encourage discussion of, and greater attention to fiscal performance at senior leadership levels.

This recommendation has been completed.

Recommendation 4: Continue to aggressively investigate and criminally prosecute individuals who commit fraud & abuse against the TennCare program.

Discussion: The budget for the TennCare program along with other related healthcare initiatives comprises a very substantial portion of the state's expenditures. In order to be good stewards of taxpayer dollars, the department will continue to investigate those individuals who are abusing TennCare.

Recommendation 5: Complete the assessment of the employee health clinic's impact on the employee health plan.

Discussion: The Division of Benefits Administration assumed responsibility for the state employee health clinic from the Department of Health in FY2010 and opted to fund the clinic while assessing the clinic's savings to the employee health plan. A review is underway to determine whether or not the clinic is a function that benefits the state insurance plan, and if so, to recommend how to improve the quality, efficiency and costs of its services.

Recommendation 6: Conduct a review of critical business processes to identify opportunities to eliminate unnecessary activities, approvals, reports, and information requests.

Discussion: The department has a number of responsibilities, processes and assigned activities

where the activity or work product are seldom used, may not be necessary, or should be reviewed and re-evaluated. The use of LEAN Principles would reduce business process complexity and improve processing quality and timeliness within current staffing constraints.

Recommendation 7: Expand the use of Service Level Agreements with customer agencies for selected key business processes.

Discussion: Provide more efficient delivery of products and services and help eliminate redundant and unnecessary steps by clarifying and documenting the shared expectations and performance responsibilities. A phased-in approach is suggested to better address challenges associated with monitoring results and ensuring compliance.

Recommendation 8: Continue the current efforts to review the process for establishing and using "reversion targets" when developing and proposing budgets.

Discussion: The current approach makes over-appropriation virtually "mandated rather than anticipated" and changes should be considered where warranted.

Recommendation 9: Evaluate the current Performance-Based Budget information and its process.

Discussion: Although well-intentioned, the effort to produce the annual Performance-Based Budget is very resource-intensive for the Budget Division and agency staffs. The process includes relatively arbitrary rules and requirements and is not seen as a meaningful exercise. The review and assessment should seek to determine the information that is most meaningful for key stakeholders and that compliments the Governor's Budget Recommendation.

Recommendation 10: Replace the state's voice systems with a comprehensive centralized IPT-based solution.

Discussion: The IPT project will replace Tennessee's aging analog telephony infrastructure

with a modern IP system as the first step in moving to a unified communications and collaboration network. The effort is projected to deliver cost savings and operational efficiencies of $70,000,000 over the next ten years. Pilot implementation for the IPT project has already begun in the Nashville metro area, and planning is underway to expand this project across the state. It is projected that the full implementation will take two to three years to complete.
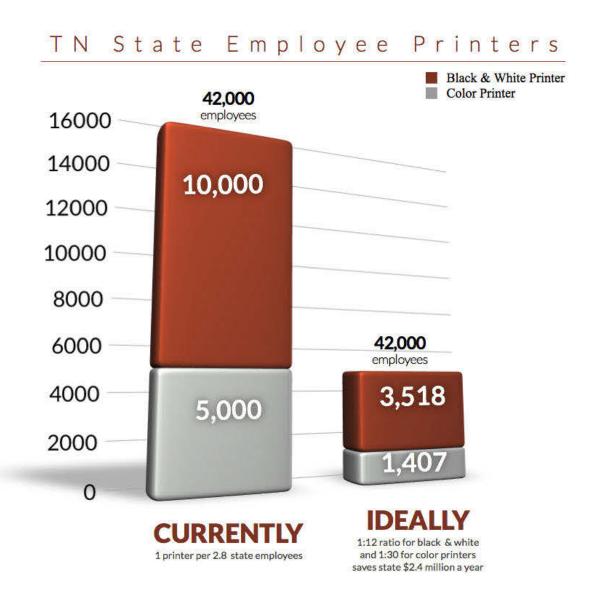
Recommendation 11: Proceed with the Customer Focused Government recommendation to consolidate hardware and software procurement.

Discussion: This effort will involve the consolidation and standardization of procurement of workstation hardware (i.e., laptops, desktops, and printers) and office automation software across the executive branch. It is projected to have an annual savings of $4,200,000.

Recommendation 12: Study the ability to permit state employees to use approved personal phones as work phones.

Discussion: The state currently provides over 2200 BlackBerry devices for state employees' use with an annual cost of approximately $1,000,000. With the implementation of the new email system it becomes possible to allow selected employees an option to connect approved personal phones to the state's email and calendaring systems. A cost/benefit analysis would be necessary to determine potential savings to the state.

TN State Employee Printers

Legend:
- Black & White Printer
- Color Printer

CURRENTLY — 42,000 employees
- 10,000 (Black & White Printer)
- 5,000 (Color Printer)
- 1 printer per 2.8 state employees

IDEALLY — 42,000 employees
- 3,518 (Black & White Printer)
- 1,407 (Color Printer)
- 1:12 ratio for black & white and 1:30 for color printers saves state $2.4 million a year

Recommendation 13: Move responsibility for certifying applicants for Job Tax Credit from F&A to Revenue.

Discussion: The department has neither the access to the various state agencies' client databases (i.e., persons with disabilities that are being served by the state), nor the knowledge of the funding capability of these agencies' programs – both of which are necessary to verify eligibility requirements. Thus, there is no obvious manner for F&A to 'certify' the applicants. Inquiries and applications from businesses seeking the tax credit have been minimal despite F&A's re-launch and re-publicizing of program in 2008.

Recommendation 14: Explore appropriate long-term mechanism for provision of small agency IT support.

Discussion: As with larger agencies, IT is "mission critical" for the many smaller agencies, boards and commissions in state government – and within the Executive Branch in particular. The increasing complexity of IT and limited (or absence of) on-site IT support means the day-to-day operations of these smaller entities are at risk.

Recommendation 15: Transfer Real Property Administration to Property Services Management in the Department of General Services.

Discussion: The Division of Real Property Administration and the Department of General Services' Property Service Management Division share responsibilities for the property management and asset-related functions of the state's real estate properties. Combining these two areas provides significant opportunities to streamline business processes, eliminate duplications, and improve both customer service and operating efficiencies. This recommendation has been completed.

This recommendation has been completed.

Recommendation 16: Conduct a review of the Executive branch's financial business processes to identify opportunities for greater standardization and centralization within the department's Division of Accounts, and form a pilot study with selected agencies.

Discussion: State agencies operate with a range of business processes and models, often by necessity or legislative mandate. As a result, the state may not realize all the benefits of its investment in its Enterprise Resource Planning solutions (i.e., Edison) without capitalizing on existing opportunities for greater standardization and documentation of selected key processes across agencies. Improved standardization and consistency will support the state's ability to meet filing and closing requirements.

This recommendation has been completed.

Recommendation 17: Establish a dedicated IT work unit to support the state's efforts in developing and implementing critical IT systems and services.

Discussion: There is a need to be more responsive to agency requests for assistance and guidance on large IT systems, especially given the constraints faced by agencies in supporting the costs of having their own in-house resources. Because of the ever-increasing complexity of technology and the difficulty of large scale change management, the importance of providing a central resource of support and expertise to agency IT groups will become even more vital. The creation of a centralized Business Solutions Delivery unit will help deliver large IT projects on-time and on-budget across departments.

This recommendation has been completed.

HIGHLIGHTS

- Provide for a safe and sound system of financial institutions and help put them in a position to contribute to economic progress by strengthening and updating the department's salary and personnel classification structure.

- Work with other state and federal regulators to determine what regulatory burden could be reduced for community based depository institutions as we continue to establish appropriate safety and soundness standards. We are now working with a national committee of state regulators to look at that issue while we continue to review internal department processes and procedures in working with federal agencies.

- Employ "Lean Government" principles to make department processes more efficient and effective.

- Establish a risk focused regulatory program for non-bank financial institutions that differentiates regulatory scrutiny based on compliance benchmarks.

INTRODUCTION

The Department of Financial Institutions (TDFI) regulates approximately 10,000 institutions and individuals providing financial services in Tennessee including banks, credit unions, trust companies, business and industrial development corporations, finance companies, check cashers, payday lenders, title pledge lenders, money transmitters and mortgage lenders, brokers, servicers and originators.

The department's mission is to provide the people of Tennessee with a safe and sound system of banks and other institutions by ensuring safety and soundness and compliance with governing law, while giving institutions the opportunity to contribute to the economic progress of Tennessee and the nation.

The department carries out this mission through four basic functions. Through various types of applications,

the department determines the appropriateness of a variety of activities and makes judgments as to who can engage in certain financial services in Tennessee. Through examinations, the department gauges the safety and soundness of institutions and whether there is compliance with governing law. By means of formal and informal actions, the department provides guidance or direction to institutions that may have issues to resolve. Finally, the department is an outlet for consumers to contact to seek help and information.

APPROACH/METHODOLOGY

The Top to Bottom Review examined the department's mission, statutory responsibilities, operational environment and structure to determine how the mission can be more efficiently and effectively met.

Each division head was tasked with coordinating discussions with staff, and the commissioner met with staff, including examiners in the field. The commissioner also met with industry members to solicit comment. Federal law and process plays a significant role in the day-to-day regulatory operations of the department. Comments and suggestions on issues primarily affected by the federal government were encouraged and general discussions were also held with some federal regulatory agencies.

The following basic questions were raised:

1. Is our mission sound?
2. Are we engaged in activities designed to meet our mission?
3. Are we engaged in activities that distract us?
4. How can we meet our mission more effectively, while reducing cost?
5. What challenges are we likely to face?

RECOMMENDATIONS

Recommendation 1: Provide for a safe and sound system of financial institutions and help put them in a position to contribute to economic progress by strengthening and updating the department's salary and personnel classification structure.

Discussion: The fundamental mission of the department is to provide a safe and sound system of financial institutions which is critical to the economic development of Tennessee. Financial institutions are facing serious challenges in the current environment. The combination of an extended economic downturn coupled with additional federal regulation may strain institutions as well as the communities they serve. We believe that the establishment of an equal partnership between the department and federal regulatory agencies presents the best environment for financial institutions to be successful. That equal partnership is best promoted by a stable and experienced team of examiners. In recent years, the department has lost some key staff to federal agencies and the industry.

Updating staff salaries and classifications will help strengthen regulatory experience which in turn supports the department's ability to make the proper safety and soundness decisions. It is this regulatory balance that should assist financial institutions and the communities they serve in supporting a recovering Tennessee economy. In working with the departments of Human Resources and Finance and Administration, the TDFI has been able to begin the process of updating staff salaries primarily funded through savings generated by the department over the last year. The department is fully funded by the institutions it regulates and does not use taxpayer money.

Recommendation 2: Work with other state and federal regulators to determine what regulatory burden could be reduced for community based depository institutions as we continue to establish appropriate safety and soundness standards.

> *Discussion:* Community based institutions are challenged in the current environment. It is critical that states support these institutions from an economic development standpoint. For instance, it has been suggested that a separate tier of regulation be established for smaller community banks in recognition that the business model works and should be preserved as a key component of the nation's economy. The primary objective is to work with local and regional offices of the Federal Deposit Insurance Corporation, National Credit Union Administration and the Federal Reserve to achieve more tailored application of regulatory standards and to work with the Conference of State Bank Supervisors and the National Association of State Credit Union Supervisors to determine if changes can be made to national standards to support community based institutions. This work is underway now and will be influenced as federal policy continues to develop and evolve in the wake of the federal Dodd-Frank law.

Recommendation 3: Hire additional bank safety and soundness administrators in order to strengthen the turn-around time on sending examination reports to bank boards.

> *Discussion:* This should make a significant impact on processing bank examinations and reduce the time it takes to get this information to bank boards. It is critical in this current environment that bank examination reports and the guidance and conclusions they contain be delivered more timely to bank management. Additional staff has been hired as of January 2012 and the effect upon the turn-around time will continue to be measured going forward.

Recommendation 4: Employ LEAN management principles to make department processes more efficient and effective.

> *Discussion:* In many respects, this effort to review and improve individual department processes will be a foundation for the department's efforts to maintain a safe and sound system of financial institutions in Tennessee. Simpler and more streamlined process and procedures should make it easier for financial institutions and their customers to do business in Tennessee. Moreover, the department continues to look for cost savings that can help support updated salaries and personnel classifications. In February 2012, the department will be one of the first state agencies to carry out a LEAN event when it reviews a licensing function. Other areas are under consideration.

Recommendation 5: Issue state vehicles for department examiners to replace the use of examiner owned vehicles.

> *Discussion:* This recommendation was identified early on in working with the Department of General Services. This effort is estimated to generate approximately $100,000 in savings on an annual basis which will support the recommendation of strengthening department salaries and classifications.

> **This recommendation has been completed.**

Recommendation 6: Review the department's non-bank examiner work force to right size it to the economic realities of the regulated industry.

> *Discussion:* In recent years, the regulated non-bank mortgage industry has lost well over half of the licensees that previously operated in Tennessee. In recognition of this marketplace reality, the department undertook a Reduction in Force in 2011. Along with vacant positions, the total number of positions eliminated pursuant to this review totaled 10. The department will periodically review this area to determine the examiner work force needs based on the realities of the marketplace.

Recommendation 7: Review department field office space to maximize efficiency.

Discussion: This recommendation was identified early on as part of the cost savings efforts in the department. In January, 2012, the department closed its Cordova field office which will generate savings of approximately $65,000 on an annual basis. This action primarily was taken in response to the review under Recommendation 6. Additional consolidation is currently under review.

Recommendation 8: Establish a risk focused regulatory program for non-bank financial institutions that differentiates regulatory scrutiny based on compliance benchmarks.

Discussion: The department has worked for many years to establish regulatory programs for non-bank financial institutions. A logical next step would be to establish specific compliance benchmarks to determine the risk profile of licensees. By doing so, more regulatory attention could be placed on those licensees posing greater risk to the public and less regulatory burden could be placed on those licensees that are meeting regulatory expectations.

Chapter **10**

GENERAL SERVICES

HIGHLIGHTS

- The state has begun a comprehensive transformation of the way it manages real estate that will eventually save millions. A concerted effort and investment is being made to eliminate the amount of space the state leases through the Office Consolidation Project. Furthermore, synergies are being created as departments actively seek opportunities to co-locate in the same building while also providing more conveniences for Tennesseans.

- New proposals to better manage state owned vehicles that include a pilot program encouraging the state to lease rather than purchase new vehicles and a more economical solution for maintenance of state vehicles will see an estimated $4.6 million in efficiencies.

- Increased utilization of green technology to provide energy efficient solutions for government owned property will potentially yield $245,000 in annual efficiencies.

- The Central Procurement Office will engage a strategic sourcing vendor to support its mission of savings creation. On average, states realize 15-20% savings when contracts are strategically sourced. Additional initiatives are to streamline procurement methods and standardize procurement thresholds, allowing the Central Procurement Office to focus on more strategic, high dollar initiatives.

INTRODUCTION

The Department of General Services (DGS) is an internal service department within state government. The department ensures that other state departments and agencies have the necessary goods and services to accomplish their own business objectives. These services include: procurement of equipment and materials; building management; motor vehicle and equipment management; surplus property utilization; printing and photographic services; postal services; records management and warehouse administration; facility maintenance and repair services; and security management.

The mission of DGS is to provide a high quality of services at a competitive price to support the operation of state government. As the state's purchaser of commodities and services, the manager of capital expenditures for buildings, and the entity that maintains

and protects state facilities, it is imperative the primary mission is cost-effective service. In addition, DGS must make government friendly for its users, expand procurement opportunities for minority, women, small and service disabled veteran-owned businesses, and reduce operating costs for the agencies of state government.

APPROACH/METHODOLOGY

The Top to Bottom Review included a close study of DGS' current mission, responsibilities and structure to identify improvement opportunities and recommend changes. Every program that DGS administers was examined. Interviews and small group discussions were conducted directly with the people having first-hand knowledge of the department. Staff members and management who perform the tasks, manage the processes, or deliver the services were the best sources of information on:

- What we do and why we do it;
- Is there a better way and how;
- Are there others who might do it better or more effectively than us, and why;
- What things we should start doing; and/or
- What things we could stop doing entirely.

RECOMMENDATIONS

Recommendation 1: Engage a strategic sourcing vendor to support the Central Procurement Office's mission of savings creation.

Discussion: This will propel the Central Procurement Office's goal of savings creation at a faster pace than possible with existing staff. Also, this initiative will expose staff to best practices, allow for training and professional development, and will provide support during organizational transition by creating savings and providing intense data analysis. On average, states realize 15-20% savings when contracts are strategically sourced.

Recommendation 2: Adopt a software solution to improve the visibility of state contracts.

Discussion: Software solutions will enhance user capabilities in searching for contracts and specific items. Legislation has been proposed that would equip the state to leverage the volume of contracts and reduce overall costs to the departments.

Recommendation 3: Standardize procurement threshold.

Discussion: Currently, threshold amounts vary widely depending on the type of contract (commodity, non-professional service or professional service). The department recommends creating a clear threshold of $50,000 which will allow the Central Procurement Office to focus on more strategic, high dollar initiatives.

Recommendation 4: Improve vendor notification process by fully adopting/implementing the Enterprise Resource Planning (Edison) system to notify vendors and improve training with agencies.

Discussion: The Central Procurement Office will use Edison in innovative ways to ensure procurement opportunities are easy to locate and highly advertised with the goal of creating transparency and competition.

Recommendation 5: Remove constraints on procurement methods for goods compared to those for professional services.

Discussion: This recommendation will give the department the flexibility to pursue the approach deemed most advantageous to the state. This change has been proposed in legislation and will serve to further break down the barriers between procurement of goods and professional services.

Recommendation 6: Allow the department to negotiate prices during the solicitation and contracting process.

Discussion: This recommendation will improve the state's position in contract negotiations with private vendors. Having the ability to negotiate at any point in the life cycle of a contract is an integral part of the procurement and contracting process and creates opportunities for savings and increased performance levels beyond what the state is currently able to achieve.

Recommendation 7: Allow the department to streamline the procurement process.

Discussion: The department would like to reduce the ten procurement methods that are currently available down to six procurement methods that are already clearly defined in policy and that correspond with the value of the contract.

Recommendation 8: Amend Tennessee law to allow the Chief Procurement Officer to authorize the use of competitive negotiation of contracts or multi-step bidding.

Discussion: This change has been proposed legislatively and will create two innovative procurement methods that can be used in limited cases today and could be broadly used in the future.

Recommendation 9: Amend Tennessee law to raise the department's monetary approval threshold on personal service, professional service, and consultant service contracts from $15,000 to $50,000.

Discussion: This change has been proposed legislatively and will align the delegated purchase threshold for services with the existing threshold for goods, thus supporting the department's overall effort to streamline procurement. This recommendation also allows the department to eliminate steps in the procurement process that do not add value by reducing the number of small-value, low risk transactions that are processed through the Central Procurement Office.

Recommendation 10: Amend Tennessee law to raise the threshold of all procurement and contracting activity from $25,000 to $50,000, which will allow agency autonomy under their delegation.

Discussion: This change has been proposed legislatively and will align the delegated purchase threshold for services with existing threshold for goods procurement, thus supporting the department's overall goal to streamline procurement. This recommendation also aims to eliminate steps in the procurement process that do not add value by reducing the number of small-value, low risk transactions that are processed through the Central Procurement Office.

Recommendation 11: Amend Tennessee law to remove all references to surplus property and the disposal of state property from the Central Procurement Office.

Discussion: This recommendation aims to correct verbiage currently in Tennessee statute that transferred the program and administration of the Surplus Property Warehouse to the Central Procurement Office. This legislative change will transfer the program back to Central Warehousing where it can be properly managed and where the business process more clearly aligns with the mission of Central Warehousing.

Recommendation 12: Implement a three year Pilot Leasing Program to take high mileage state drivers out of personal vehicles.

Discussion: A study was completed where the cost of reimbursing employees ($ .47 per mile) for using their personal vehicles to conduct state business was compared to the cost of the state leasing vehicles ($ .33 per mile, adjusted for actual fuel cost) for the employees to conduct state business. This study showed that an estimated $ .14 per mile could be saved by implementing this program. The Pilot Lease Program was launched in July 2011 for 500 employees with high mileage reimbursements, and based upon the first six months of data, the department projects to save in excess of $2 million over the three year pilot program.

Recommendation 13: Replace in-house Motor Vehicle Management (MVM) fleet maintenance with a service contract to provide quality maintenance at a consistent cost on a statewide basis for vehicles.

Discussion: Motor Vehicle Management operates and maintains a fleet of 4,600 vehicles throughout the state. The maintenance/repair services provided at the Nashville facility were limited in scope. Because there are pockets of vehicles scattered all over Tennessee, procuring local maintenance contracts in those outlying areas had not proven successful over the years. This lack of consistency required the use of local vendors where the process and services varied. By contracting for statewide vehicle maintenance of the entire fleet, MVM has avoided the costs to re-locate the garage, reduced operating and staff costs, and will achieve fleet maintenance savings as well. This project will realize an estimated $370,000 savings in annual operating costs and a cost avoidance of $1.2 million.

This recommendation has been completed.

Recommendation 14: Identify state vehicles in the Motor Vehicle Management fleet that could be leased rather that purchased to reduce costs to the department.

Discussion: Motor Vehicle Management has identified an initial 950 vehicles in the statewide fleet that are in need of replacement. With the current utilization data of those vehicles, a Request for Information (RFI) was issued to leasing companies. Based upon the RFI and departmental analysis, it will be cheaper to lease vehicles with full maintenance coverage for 36 months/60,000 miles, than to purchase new vehicles and provide maintenance for those vehicles. In addition to the avoidance of a cash outlay of $18 million for new vehicles, it is projected the state will save an average of $.03 per mile by leasing.

This recommendation has been completed.

Recommendation 15: Outsource the department's Motor Vehicle Management dispatch program.

Discussion: Motor Vehicle Management operates a short-term rental fleet of vehicles (dispatch). This fleet, like the regular fleet, is in need of replacement. Research indicates that because of limited staff and resources, as well as limited technology, the state has been forced to maintain a fleet larger than necessary to service its customers. The costs to replace the aged state vehicles and maintain them was analyzed and compared to daily rental costs of vehicles from car rental companies. This comparison revealed that it was cheaper to contract with a car rental company to provide the dispatch services and manage the program rather than having the state buy new vehicles and operate the dispatch fleet. In addition to avoiding the cost of $2.8 million that would be required to replace the existing fleet, it is projected the state will save $330,000 in annual recurring costs from this change.

This recommendation has been completed.

Recommendation 16: Sell the Motor Vehicle Management facilities at 2200 Charlotte Avenue and relocate the administrative staff to the Tennessee Tower.

Discussion: Because the Motor Vehicle Management Division has outsourced all vehicle maintenance, outsourced the operation and management of the dispatch program, and is currently outsourcing to lease a large percentage of the fleet as opposed to purchase, the facility is no longer needed. The property located at 2200 Charlotte Avenue is a large facility near downtown Nashville that contains a significant portion of property that has not been occupied for a number of years. Furthermore, the main building has mold, asbestos and other environmental health issues that make the building too costly for renovation. The Real Estate Asset Management Team has decided to sell the property.

Recommendation 17: Expand the address list clean-up services software, which will eliminate the need for the state to pay an outside vendor to provide this service.

Discussion: The State of Tennessee currently has a statewide contract for National Change of Address Service (NCOA) SWC-3031. The contract provides state agencies the ability to pass their address files against the latest 36 months of moves as reported to the U.S. Postal Service. The agency then incorporates the address changes into their print file prior to producing their documents. This not only gives the agency a cleaner address list for their mailings but also provides the U.S. Postal Service with updated addresses as they deliver the mail, thereby saving both the state and the postal service the unnecessary cost of extra handling. The utilization of this software should be expanded to other agencies in the state.

Recommendation 18: Analyze record storage for efficiencies.

Discussion: Since the 2010 flood, the Records Analysis Team along with the assistance of staff from the Secretary of State's Office and State Archives, and per the approval of each agency head, disposed of 12,000 flood-damaged boxes of unsalvageable state records. This effectively eliminated the state's obligation to pay $2.9 million in insurance payments.

This recommendation has been completed.

Recommendation 19: Modify the Statewide Records Disposition Authorizations (RDAs) and identify records for disposal.

Discussion: The Records Analysis Team has extensively reviewed and modified all of the Statewide RDAs. The team found various duplicative and redundant RDAs, as well as several RDAs that were no longer required due to an outdated record series. As a result, the number of Statewide RDAs was reduced from 59 to 15, which amounts to a 75% reduction. Furthermore, the

remaining 15% were carefully re-written and simplified. Overall, the complete RDA review has resulted in 37,000 boxes of records that could be authorized for destruction, resulting in projected warehousing cost-avoidance of $235,000.

This recommendation has been completed.

Recommendation 20: Reduce third party lease obligations.

Discussion: Currently state agencies occupy more than 3,000,000 square feet of third party lease space across Tennessee. By reducing the leased space operated by the state and relocating employees into consolidated state-owned space, the state projects millions of dollars in savings. The payback of the cost to accomplish this is projected to be less than five (5) years and will provide ongoing flexibility to agencies.

Recommendation 21: Evaluate responses to the Facilities Assessment, Master Planning and Facility Management RFP to determine potential costs savings.

Discussion: This RFP and the resulting contract will determine what cost savings and initiatives could be undertaken through the outsourcing of real estate management functions.

Recommendation 22: Proactively monitor space needs by utilizing an Interagency Lease Document.

Discussion: Create an interagency state lease document outlining the term and obligations of each agency and specific dates to re-evaluate space needs and tenant improvements to proactively monitor space needs and requirements. As more agencies are relocated into state- owned space or co-located with other agencies, the need for an Interagency Lease Agreement becomes greater. The agreement will be used to solidify the pro-rata space calculation, term of lease, intended use, the rental rate to be paid through the end of term, utilities and janitorial costs, source of funding, responsibilities within the leased premises by agency, and any other conditions

required to co-occupy the space whether state-owned or third party leased space. The new Interagency Lease Document is being drafted.

Recommendation 23: Make the State of Tennessee Real Estate Asset Management (STREAM) Sustainability Group a self-funded entity by increasing efficiencies in areas such as HVAC and lighting.

Discussion: The STREAM Sustainability Group is developing a system for comprehensive energy management for state owned buildings. This system will allow an accurate baseline of current energy consumption so that savings through targeted energy conservation measures can be calculated. As is the case with so many existing buildings, there are savings to be realized through equipment upgrades. The energy savings from these improvements will be measured and used to fund future energy conservation projects.

Recommendation 24: Acquire and implement enterprise software that will manage our leasing and asset process.

Discussion: With approximately 400 current real estate leases in place, a software database is required to more accurately account for lease locations, rent, term, landlord responsibility, state responsibility, notice periods for options and termination provisions. The database will allow STREAM to be aware of upcoming lease requirements involving lead-time to ensure termination and renewal dates are completed on time.

Recommendation 25: Install LED lighting in the Tennessee Tower on the 3rd and 30th Floors.

Discussion: The lighting on the 3rd and 30th floors is similar to the lighting that was replaced on the 4th floor. There are significant savings to be realized with the retrofit from existing lighting to LED lighting, not only in energy consumption but also in operational savings. TVA is currently working with the state to address funding assistance and energy modeling prior to the retrofit.

Recommendation 26: Reduce electrical consumption with TVA-EnerNOC Demand Response Program.

Discussion: The department is partnering with EnerNOC on a TVA-NES Demand Response Program in thirteen state-owned buildings. As part of the program, the state will voluntarily reduce electrical consumption during critical peak periods. The program provides a no-risk opportunity for the state to save money both by participation and through reduced energy consumption during a demand response event. Participation payments and energy savings are projected to be in excess of $40,000 annually.

Recommendation 27: Replace the Tennessee Tower's exterior reflective film for its windows, which will reduce solar heat and cut energy costs.

Discussion: Equipping the Tennessee Tower with a new reflective film to reduce solar radiant heat will cover the cost of the project in less than four years and create reoccurring savings in subsequent years. This project qualifies for an incentive payment from TVA through their EnergyRight Solutions program to offset the construction cost. This incentive payment is estimated to cover 10% to 20% of the construction cost. Besides energy savings, there will be an improvement in occupant comfort and productivity from reduced glare, and reduced radiant heat loss during the winter.

Recommendation 28: Replace the Tennessee Tower's outdated and inefficient internal fan and insert a new fan wall.

Discussion: The 5th floor southwest fan suffered a catastrophic failure due to extreme age and extended runtime. When this occurred, the department made a conscious effort to seek out new and more efficient technology to help power the building. To that end, we installed a newer technology called fan wall technology. Energy modeling has indicated a 60% savings compared to the old equipment, as well as increased operational efficiencies. Now that the system is installed and operating, the department is seeing a 62–70% savings relative to previous equipment.

This recommendation has been completed.

Recommendation 29: Purchase and install a software system capable of supporting a "virtual" warehouse.

Discussion: This new software will be capable of virtually eliminating the need to use the antiquated physical warehousing process, for both the Federal and State Surplus Property Programs. The elimination of unnecessary expenses involved with pick-up, storage, and sale of state property can be accomplished by implementing a process similar to the Tennessee Federal Direct Sale Program. The disposal of surplus will occur on site at the owning agency's location instead of transporting surplus from all over the state to a central warehouse, saving on both transportation and storage costs estimated to be $365,600 annually.

HIGHLIGHTS

■ Focus on improving efficiency of targeted departmental operations and identifying relationships with other departments that lead to greater operational effectiveness and programmatic successes, particularly in population health conditions where Tennessee fairs poorly.

■ Implement a department-wide performance improvement initiative to review operational and clinical processes that improve effectiveness and efficiency through use of continuous improvement and LEAN approaches.

■ Implement in-person administrative internal reviews, facilitated by the movement of support administrative services into the Cordell Hull Building to reduce time inefficiencies encountered in submission, receipt and expenditures of external grant support.

■ Reassess and align patient care with other population health protection and promotion services to add value to existing services that are better reflective of the department's mission and fiscal priorities.

INTRODUCTION

The Department of Health's (TDH) Top to Bottom Review is examining opportunities for improved organization and efficacy within the offices, and strengthening interdepartmental relationships that are critically important to improving population health through performance excellence and continuous improvement. The department has many services, programs and plans that should be more efficiently coordinated into a single departmental vision. Internal discussions have uncovered opportunities that underscore the role of public health within the broader context of population health, and within the narrower context of health care. The department is a repository of large quantities of health data, information and expertise which should be used more effectively to target, plan and measure change in health status. The department's overall goal of the Top to Bottom Review has been to align our departmental responsibilities and roles, our services and

methods of delivery, as well as our data and planning capabilities to better meet the unifying mission to protect, promote and improve the health and prosperity of persons in the State of Tennessee. We are broadly introducing use of quality improvement and process improvement methods to the central office and local health departments to engage department employees with internal and external customers, stakeholders and suppliers. A new commissioner was appointed in late September 2011, and given the delayed start, the department is in the process of a more thorough Top to Bottom Review which will be available by June 30, 2012.

HIGHLIGHTS

- Propose changes to DOHR rules, policies, and processes in coordination with and in support of the pending TEAM Act legislation.

- Develop a best-practice performance evaluation system for state employees that is fair, flexible, and promotes excellence through the use of goals that are specific, measurable, achievable, relevant and time sensitive (SMART).

- Redesign the process for creating and updating job specifications and establishing new job classifications.

- Complete a salary study in order to provide current information regarding the position of state salaries compared to the rest of the market.

- Implement an executive service pay plan designed to improve processes as well as remove the cap on the General Pay Plan to allow market driven adjustments to be made for career service classifications.

INTRODUCTION

The Department of Human Resources' mission is to provide innovative human resources leadership and solutions for people, through people. This mission comes from the vision of being one of the nation's most progressive, strategic, proactive and effective state human resources leaders.

State government is the largest single employer in Tennessee. As the central focus for human resources in the state, the Department of Human Resources (DOHR) supports the entire executive branch workforce of more than 40,000 employees, and provides technical assistance to the legislative and judicial branches as well. In helping to ensure effective and efficient HR management, DOHR provides several basic services, such as advising the governor and assisting departments in carrying out best practices in human resources and compensation;

administering provisions of the Civil Service Act; providing departments and agencies with a pool of qualified applicants for employment selection; and creating a high performance workforce through effective development programs.

A key component of DOHR's role is to provide a consistent, independent platform for the development, implementation, and interpretation of best practice programs and policies benefitting both employees and state agencies. As the state's overarching human resources agency, DOHR views state government as a whole, and assists individual agencies in making strategic decisions about organizational development, employee and leadership development, and policy implementation.

APPROACH/METHODOLOGY

The Department of Human Resources' (DOHR) Top to Bottom Review examined the staff, organizational structure, statutory requirements, mission, programs, rules, and processes of the department. The review included input from employees in each of DOHR's ten divisions, information gathered during the agency's strategic planning process, statistical and demographic data about the agency and current performance, and a lengthy situational awareness and analysis process undertaken by the agency's leadership team. DOHR focused on programs and processes under its purview but did not include items related to procurement or other state systems which it uses but does not control.

During the Top to Bottom Review, concerns about state hiring and employment practices that have been consistently raised by applicants, employees, taxpayers and agency staff for many years continued to appear. In the listening tour of meetings with employees, the most mentioned topic was the frustration with the antiquated hiring processes. Approximately 30% of the suggestions in the Transforming Government survey last year demonstrated a need to reform the state's employment practices. In addition, a main focus of the Tennessee Government Leadership Conference, a collaboration of more than 250 leaders, was the inefficient employment practices.

RECOMMENDATIONS

Recommendation 1: Complete a review of state hiring and employment practices and make any process changes possible under the current statutes so departments across state government feel they have the most efficient and effective methods for hiring, rewarding and retaining the best employees for all of their positions.

Discussion: Concerns about state hiring and employment practices have been consistently raised by applicants, employees, taxpayers and agency staff for many years, and were particularly prevalent during the Top to Bottom Review. Ultimately, changes to the statutes governing civil service applications, testing and ranking processes will need to occur in order for state agencies to have the flexibility to hire, reward and retain the most talented and best qualified employees.

The Tennessee Excellence, Accountability and Management (TEAM) Act of 2012 is designed to establish methods for attracting, selecting, retaining and promoting the best applicants and employees based on performance and equal opportunity, free from coercive political influence, and to provide technically competent employees to render impartial service to the public at all times. The TEAM Act will give agencies greater flexibility in personnel management and increase customer focused effectiveness and efficiency in a best practice environment.

Recommendation 2: Develop a best-practice performance evaluation system for state employees that is fair, flexible and promotes excellence through the use of SMART goals.

Discussion: The current Performance Evaluation System for state employees is operationally inefficient and is not currently used to develop employees and help them achieve excellence.

DOHR strongly believes an effective performance evaluation system works if all management, top to bottom, commits to its full implementation. It is imperative that we have a best-practice appraisal

process in place so that all employees are fairly and accurately rated as efficiently as possible. The culture surrounding the current system precludes simply "tweaking what we have"; in order to effect real change, the entire process, system and management support, needs to be different. Additionally, including all employees in a formal appraisal system is both the fair and right thing to do to continue performance improvement at all levels of government.

DOHR is currently implementing the SMART Goal system (goals which are specific, measurable, achievable, relevant and timely) in our agency, and is assisting other agencies that may be interested in implementing these as well.

Recommendation 3: Redesign the process for creating and updating job specifications and establishing new job classifications.

Discussion: The establishment of a new career service job classification or the revision of specifications, minimum qualifications or rating guidelines of an existing classification requires an inordinate amount of time. It is generally estimated under the current system that these processes can take anywhere from four to six months per job specification. The result is that many job specifications and rating guidelines are outdated, and new technologies and educational advances may not be reflected.

DOHR is consulting with faculty in the Industrial/ Organizational Psychology Department at Middle Tennessee State University regarding how long this process should take and how to make it more efficient within state government. MTSU will assist in redesigning DOHR's processes for the development and validation of job specifications and in developing a training program for staff.

Recommendation 4: Complete a salary study in order to provide current information regarding the position of state salaries to the market.

Discussion: An outcome of the state's attention to customer focused government should be on retaining current and attracting new high potential, high performing employees who can help the state implement more efficient and effective processes. As the economy improves, it will become more and more difficult to accomplish this goal without some movement in state employee salaries.

The most recent Tennessee comprehensive salary survey was completed by the Mercer Group in 2007; however, DOHR can no longer rely on this 2007 study due to changes that have occurred in economic conditions over the last five years. Completing a new study is the quickest and most accurate way to get data from which decisions can be made about upgrading the salaries of job classifications statewide. Funds have been included in the 2012-13 budget for the completion of a market study and an initial implementation of resulting recommendations.

Recommendation 5: Implement an executive service pay plan designed to improve processes as well as remove the cap on the General Pay Plan to allow market driven adjustments to be made for career service classifications.

Discussion: The current compensation structure is outdated and does not provide necessary flexibility to upgrade job classifications in response to demonstrated retention or recruitment issues. In 1984, the current General Pay Plan was created to cover most career and executive service positions in state government. At the time of implementation, salary grades were broad enough to allow for change and growth, and the plan was in line with the market. Changes have been made in the intervening years; however, due to funding restraints that did not allow for growth in all areas, changes have, in some cases, been selectively applied to certain job classifications and not to the ranges as a whole. The result is that the General Pay Plan has an artificial cap at the top, leaving no room for market level changes within the salary grades.

DOHR has created and implemented a separate pay plan for job classifications strictly in the executive service, along with a comprehensive policy for implementation. Removing these executive service classifications and the artificial cap from the General Pay Plan will allow for any market changes recommended in the salary study to be made.

This recommendation has been completed.

HIGHLIGHTS

■ Redesign the Families First (Tennessee's TANF) program to be more employment driven. It is important the program meets its full potential to assist families in need and to move them toward self-sufficiency through policy changes, innovation in program delivery, and outcome-focused management.

■ Transition the Weatherization Assistance Program from DHS to the Tennessee Housing Development Agency. This program is designed to help reduce energy costs by providing assistance to weatherize the homes of low-income Tennesseans.

■ Convert all child support paper checks and direct deposit payments to debit card, which is projected to have an annual cost savings in postage and handling of $200,000.

INTRODUCTION

The mission of the Department of Human Services (DHS) is to improve quality of life by providing an effective system of services for disadvantaged, disabled and vulnerable Tennesseans. In its current structure, the department is comprised of program divisions that deliver direct services to customers and administrative areas that provide supportive services to each of the program divisions. These administrative areas include: Finance and Administration (F&A), the Office of General Counsel (OGC), the Office of Inspector General (OIG), and Organizational Performance Management (OPM), and Communications. There are four major program areas that deliver direct services to customers: Adult and Family Service (AFS), Child Support (CS), Rehabilitation Services (RS), and Appeals and Hearings (AH).

Adult and Family Services (AFS) includes family assistance, Families First (TANF: Temporary Assistance to Needy Families), Child Care benefits, SNAP (Supplemental Nutrition Assistance Program-previously Food Stamps) benefits, and community services. The Families First program distributes cash grants and provides employment, training, education, and support services for families with financial need and dependent children deprived of parental support and/or care. The SNAP program helps ensure that eligible low-income families and individuals are able to obtain a nutritious diet. The Community Services program provides regulatory and protective services, social services, and economic assistance in the areas of child and adult care, Adult Protective Services (APS), and community contract services.

The Child Support Enforcement program is a federal, state, and local partnership to collect and distribute child support. Program goals include ensuring children have the financial support of both parents, fostering responsible behavior towards children, and reducing welfare costs.

The Division of Rehabilitation Services is comprised of two major program areas- Vocational Rehabilitation (VR) and Disability Determination Services (DDS). The VR program assists individuals with disabilities across the state prepare for, enter, and re-enter and maintain employment. DDS is a program that operates through agreement between the DHS and the Social Security Administration to process claims for Social Security and Supplemental Security Disability Income for Tennesseans with severe disabilities whose impairments prevent them from being gainfully employed.

The Appeals and Hearings Division provides a mechanism for appeals and hearings requested by applicants for and recipients of financial benefits or services provided by the department, including appeals related to TennCare program eligibility and the Supplemental Nutritional Assistance Program (SNAP).

APPROACH/METHODOLOGY

The department's Top to Bottom Review was named DHS 360°. It was an inclusive and multilevel process which received feedback from both internal and external partners. A DHS 360° team was established, consisting of staff from various levels throughout the department. This team met twice each month beginning in June 2011. The meetings were working sessions that were driven by intensive reviews of key areas of the department. The process also involved extensive reviews of data, financial reports, previous audit findings, other key documents as well as ongoing consultation with other cabinet members.

The commissioner and deputy commissioner talked with more than 10% (600) of the department's employees from across all divisions through the use of phone conferences, in-person focus groups, field visits across the state, shadowing front-line staff, and one-on-one meetings. This allowed for more direct feedback from staff at different levels.

Provider and external stakeholder feedback was secured in several ways including focus groups, in-person meetings, and participating in meetings held by providers within the community. In one instance, the commissioners and deputy commissioners of DHS and the Department of Labor and Workforce Development held a focus group with Shelby County providers shared by the two departments. Additionally, feedback was received from various customers of the department as well.

RECOMMENDATIONS

Recommendation 1: Transition Weatherization Assistance Program (WAP) to Tennessee Housing Development Agency (THDA).

Discussion: The program is designed to help reduce energy costs by providing assistance to weatherize the homes of low-income Tennesseans. The aim is to permanently reduce the household's energy bills by making their homes more energy efficient. Weatherization comprises a comprehensive series of

energy efficient measures that are based on sophisticated analysis of individual homes. The department is actively taking steps to transition WAP to THDA to ensure the best location for the program.

Recommendation 2: Evaluate possible transfer of Low-Income Energy Assistance Program (LIHEAP) from DHS to Tennessee Housing Development Agency (THDA).

Discussion: The Low-Income Energy Assistance Program (LIHEAP) is a federally funded grant program created by the Omnibus Reconciliation Act of 1981. This program is currently being evaluated for possible transition to THDA as well. The program aims to assist low income households, primarily those who pay a high proportion of household income on home energy, in meeting their immediate energy needs.

Recommendation 3: Evaluate benefit of child care licensing and assessment being owned by one agency: Department of Human Services (DHS), Department of Education (DOE), or Department of Children's Services (DCS).

*Discussion***:** DHS is heavily involved in child care through the Child Care Certificate Program, Child Care licensing and quality assessment. The DOE also plays a key role in licensing child care providers. DCS has a very extensive role in licensing child welfare entities. There is a need for a new child care model that lends itself to continuity of practice, or at least a shared vision regarding overall performance outcomes.

Recommendation 4: Redesign the Families First (Tennessee's Temporary Assistance for Needy Families, or TANF) program to be more employment driven.

Discussion: Families First has dramatically changed the way public assistance is provided in Tennessee. Work requirements for able bodied recipients and time limits on eligibility are now accepted facets of public assistance, signifying that assistance is temporary and work is the best way for

a family to move out of poverty. While there are many individual success stories within the Families First program, there is also a level of unfulfilled promise regarding the outcome of many recipients. Those who leave the program with a job are often only marginally better off than when they received assistance; others rely on the program sporadically and do not improve their employability and/or economic situation at all. It is important that a program meet its full potential to assist families in need move toward self-sufficiency.

The department is exploring several strategies including: work related requirements prior to the approval of assistance; innovative strategies such as subsidized employment programs, meaningful community service placements and training-business linkages; defining employment outcome goals to be measured and monitored; and revisiting supportive services currently provided through Family Service Counseling. DHS is confident that the combination of policy changes, innovation in program delivery, and outcome-focused management will allow the program and its customers to reach full potential.

Recommendation 5: Develop a system to measure employment of Families First participants that leave the program.

Discussion: Since the advent of welfare reform in 1997, the primary measure of TANF (Families First in TN) performance for Tennessee and other states has been the Work Participation Rate, or WPR. The emphasis on the process-laden WPR has hindered staff and contractors from focusing on the real goal of the program – maximizing the number of participants who leave the program employed in jobs that can lead to self-sufficiency. The central challenges is to create a measurement that is accurate, produced regularly and generated quickly so as to be a tool for program monitoring and evaluation. This will require multiple data sources, because no one system has current information on all individuals' employment.

Recommendation 6: Drive the Vocational Rehabilitation (VR) program towards employment outcomes.

   Discussion: To increase the percent of individuals achieving employment outcomes within the VR program, the department will enhance relationships with employers willing to provide placement opportunities to VR clients, expand existing career counseling resources, provide training to staff that emphasizes enhanced career counseling skills, coordinate regional job placement teams statewide through a Director of Employment Services, and designate a VR counselor from each work unit to do job placements within each region to increase successful employment outcomes.

Recommendation 7: Develop a system to monitor and respond to workload issues in Family Assistance on a continuous basis to ensure optimal performance.

Discussion: The Family Assistance (FA) program experiences an ongoing demand for the services provided. The department is in the process of developing a system to address factors affecting workload issues which include: ensuring staff are assigned in the field in a manner that is current with the specific needs of the identified area; assessing specific business processes that directly impact workload to seize opportunities for greater efficiencies; evaluating how specific Family Assistance programs such as Families First are administered; explore opportunities for technology solutions across the FA programs.

Recommendation 8: Apply LEAN to key processes in Appeals, Family Assistance, Disability Determination Services, and Adult Protective Services.

Discussion: All of the listed programs are process driven. There are multiple processes within each, and having LEAN events in these programs will allow the department to identify efficiencies. This

has the potential to have a positive impact on the workload by streamlining the workflow.

Recommendation 9: Define performance standards for each job classification.

Discussion: Currently, performance standards exist in only one section of the agency. The department will define performance standards for all employees by end of calendar year 2012. This will allow each staff person to know how they contribute to the overall goals of the department. It will ensure clear accountability for all staff relative to these goals as well as give the department clear visibility to its overall performance. Improvements realized will be the increased retention of high performing staff. It will also allow for concise documentation of performance issues, therefore, allowing the department to effectively address the issue of under performers.

Recommendation 10: Ensure new supervisors attend New Supervisory Academy (NSA).

Discussion: Until recently, the department did not offer any training for supervisors beyond the mandatory HR supervisory courses. The department has now developed a comprehensive supervisory training program that is mandatory for all supervisors to attend. This ensures that they are adequately trained in skills for supervision and gets them started off on solid footing for supervision. More skilled supervisors would result in better managed staff, which would improve customer service levels and workload.

Recommendation 11: Develop a performance quality improvement process.

Discussion: The department will utilize a comprehensive Performance and Quality Improvement (PQI) process to improve delivery of services. PQI creates a system of accountability which follows the strategic directives through to operational performance. This PQI structure serves to align improvement with strategic directives and to focus on internal integrity. It relies on an

organizational culture that is proactive, supports continuous learning and accountability. PQI is reflective of the DHS value of being a learning organization. In addition, it supports practices, programs, and policies by ensuring regular assessments of where and how improvements need to be made.

Recommendation 12: Increase the number of child support cases under order.

Discussion: The Child Support Program is working diligently to increase the number of ordered cases so that children are able to receive the support due to them. A focus on increasing orders for support also helps families either achieve or sustain self-sufficiency and may also assist or keep them from having to rely on financial support from other DHS Programs. The Child Support Program reported 68.88% of child support cases under order at the end of Federal Fiscal Year 2010. This metric has increased by 2.42% with a reported metric of 71.30% at the end of December 2011. This is a major focus of the child support program so that more children and families have the opportunity to obtain child support payments. DHS will continue to focus on increasing the cases under order.

Recommendation 13: Increase the percentage of current child support paid.

Discussion: Children and families should receive the total amount of support ordered each month. Unfortunately, at the end of FY2010, there were only 51.87% of families that received their current support each month. The ability for a non-custodial parent to pay his/her ongoing child support has definitely been affected by the economy. However, at the end of December 2011, DHS experienced an increase of 3.15% or 55.02%. The goal is to continually work toward increasing this ratio so that more and more children and families can begin to rely on monthly payments.

Recommendation 14: Eliminate Supplemental Nutrition Assistance Program (SNAP) resource limit.

Discussion: Under existing USDA rules, states have the option to eliminate the SNAP resource limit for households that receive services or benefits funded with TANF dollars. DHS is currently moving toward removing the resource limit. There are several advantages to eliminating the SNAP resource limit, including: potential to simplify the program for both workers and applicants/recipients; improved application timeliness; encourages families receiving SNAP to accumulate savings; and prevents newly-unemployed individuals from exhausting their savings prior to becoming eligible. DHS is in the process of making appropriate/ necessary changes and will proceed with next steps in the rulemaking process.

Recommendation 15: Convert all Child Support paper checks and direct deposit payments to debit card.

Discussion: There are approximately 90,000 custodial parents who receive their child support via paper check or direct deposit. Both these avenues for payment are considerably more costly than using a debit card. The child support program will realize a substantial savings if it converts its process from using all paper checks and direct deposit to using debit cards. The anticipated cost savings to be realized from this conversion includes annual savings in postage and handling of approximately $200,000.

The action steps to achieve this outcome are as follows. First, all new child support custodial parents are given an option to receive their child support via debit card. Next, notices will be sent to those custodial parents that currently receive paper checks that they will be converted to debit cards. Lastly, long-term direct deposit custodial parents will transition to debit cards when they change banks.

Recommendation 16: Explore creating a website where Custodial Parent Monthly Notices are posted instead of mailed.

Discussion: DHS currently mails 1,354,300 notices on an annual basis. The department will realize substantial savings in postage, printing paper and central print costs. The anticipated cost savings to be realized total $582,378 in annual savings from postage and handling.

Recommendation 17: Identify and ensure that all child support cases with a support order that meet the minimum criteria for IRS certification are indeed certified.

Discussion: The rationale is to ensure that all IRS tax offsets are identified and properly applied. The average collection for cases that receive a collection is $1,200. This will increase collections and provide additional child support monies for children and families. The department will data mine the Tennessee Child Support Enforcement System (TCSES) to determine the number of ordered cases bypassed for certification, provide reports to field staff and select State Fiscal Team staff to ensure case is 'fixed', run reports periodically to determine the number of cases that have been certified for IRS tax offset, and report progress to Director of Field Operations and Assistant Commissioner. Collections are anticipated to increase significantly.

Recommendation 18: Utilize Interstate Data Exchange Consortium (IDEC) to match data and manage the lien process on behalf of Child Support Program.

Discussion: Utilizing IDEC will increase collections and provide additional child support monies for children and families. The efficiency and effectiveness of the child support lien process would be greatly enhanced. Child Support Services currently does not match or send liens out on all Financial Institution Data Match (FIDM) matches, which equates to lost collections due to inaction. The department will schedule a conference call with the IDEC Consortium lead state, South Carolina, and vendor. They will discuss costs for a vendor to

manage lien process, establish protocols specific to the State of Tennessee Child Support Program, amend the existing contract to include these tasks, implement the new process and establish evaluation protocols.

Recommendation 19: Implement the State Services Portal.

Discussion: The portal is provided by the Federal Office of Child Support Enforcement (OCSE). This application will provide additional data sources (tax offset information from other states, Passport Denial Enforcement, Department of Defense entitlement information and Debt Inquiry) to our staff in the field which will help increase collections.

Greater efficiency and increased child support collections are anticipated. Child Support staff can be much more efficient and provide greater service to our customers. To achieve this, the following steps have taken place: worked with the Federal Office of Child Support Enforcement to determine necessary hardware; determined the use of existing hardware is possible; worked with Fiscal to order any required hardware and with OCSE to obtain training; Centralized Services administered the Portal and need to set up levels of authorization; scheduled statewide webinar to train field staff; and rollout the Portal across the state.

This recommendation has been completed.

Recommendation 20: Review the new Vocational Rehabilitation service policies governing the provision of college training services.

Discussion: The department will review the new VR service policies governing the provision of college training services. These services include financial needs testing, payment of tuition and fees, and the establishment of a minimum number of required credit hours. This review is to ensure that current policies promote college training for youth with disabilities that are driven by employment outcomes.

Recommendation 21: Review requirements related to third-party cooperative agreements with Tennessee Division of Rehabilitation Services (TDRS) to ensure all program and fiscal requirements are met.

Discussion: A finding from the recent Rehabilitation Services Administration (RSA) Monitoring Report indicated TDRS fiscal and program staff did not have a clear understanding of federal and state guidelines related to third-party cooperative agreements. Specified staff will have the primary responsibility of reviewing all third-party cooperative agreements for compliance with federal and state regulations. This staff will monitor the contracts on a regular basis and will oversee the development of performance management plans that will provide clear and definitive responsibilities to employees responsible for contract development, fiscal reporting and documentation. Each agreement will be reviewed with the third party provider to ensure TDRS scope of services and expectations are being met on a quarterly basis.

Recommendation 22: Redesign Information Technology (IT) organizational structure for proactive and collaborative teams.

Discussion: This proposed DHS IT organizational structure will allow systems to be analyzed, developed, and implemented in the most efficient and cost-effective manner. DHS IT will be accountable for their assigned tasks, and any risk of delays or cost-overruns will be identified and addressed in advance of critical deadlines.

Recommendation 23: Seek consultant to conduct evaluation of VIP project.

Discussion: Efforts are currently underway to replace the department's legacy system, ACCENT, with the Vision Integration Platform (VIP) system. The department is seeking to procure consulting services to conduct an independent reevaluation that would determine the current status of the VIP Project and evaluate the return on investment related to efficiencies realized with frontline staff workload and impact on customer service to ensure successful completion by the spring of 2013.

Recommendation 24: Create specialized Match Unit for Investigation Claims.

Discussion: Creating specialized Match Unit for Investigation Claims would generate more quality claims which will result in higher collections. A significant savings in the prevention of benefits not being issued as well as more claims will be generated. These savings will be realized due to benefits no longer being issued to ineligible participants.

Recommendation 25: Center child care licensing worker caseloads around the work (Licensed Centers) rather than District Offices.

Discussion: Current worker caseloads have been assigned on the basis of state office locations rather than where the Licensed Day Care Centers are located. By adjusting the workloads so the workers are more centrally located to the work, DHS can generate savings of no less than 10% of current travel. A pilot project is under development to estimate the specific savings.

Recommendation 26: Make Title VI compliance surveys web-based.

Discussion: Title VI compliance surveys are conducted by Office of General Counsel annually for federal funding recipients of the department. These surveys can be web-based for those with internet access with forms (like IRS tax returns) that can be in a fill-in-the-blank format. Automated receipts would be generated to show who responded and who did not. In the spring of 2011, the department sent out over 2000 surveys to sub-recipients (number increases annually).This would save approximately $475 in postage; the cost of paper comprised of three pages for the survey; and legal assistant and attorney (compliance officer) time in handling the surveys estimated at 2-3 months= $6000+.

Recommendation 27: Develop a comprehensive overtime policy.

Discussion: When necessary, the department uses overtime as a tool to assist with managing the workloads. The Top to Bottom Review revealed an inordinate reliance on overtime as a solution to this challenge. This is especially challenging in the Family Assistance area. The department is in the process of developing a comprehensive overtime policy that will establish guidelines for administering overtime across all divisions.

Recommendation 28: Create IT Information sharing through a Share Point process.

Discussion: There is a need to decentralize information technology operations to allow for ease of sharing information across the entire department rather than operating as separate sub-units. This can be achieved via the implementation of a Microsoft SharePoint department-wide.

Recommendation 29: TANF recipients who transition off the program due to successfully gaining employment will be eligible for transitional child care for a period determined by the department.

Discussion: Currently, legislation requires the department to provide 18 months of transitional childcare for individuals who secure employment and leave the Families First program. The department is pursuing increased flexibility. The proposed legislation streamlines department processes and prevents it from providing service that its clients may not need as part of the effort to assist them in sustaining self-sufficiency.

TNFORWARD
TOP TO BOTTOM
REVIEW

Chapter 14

INTELLECTUAL & DEVELOPMENTAL DISABILITIES

HIGHLIGHTS

■ Become the first accredited state intellectual and developmental disabilities service delivery system in the nation. When accomplished, DIDD will be recognized at a national level as a quality service delivery system. The department's goal is to achieve accreditation within four years.

■ Secure employment for persons who have intellectual or development disabilities that are interested in working. Employment is an opportunity to earn competitive wages, develop new skills, enhance self-esteem, increase independence, identify oneself as a contributing member of the community, and improve quality of life.

■ Execute a strategic plan for health care that emphasizes health promotion. This includes strengthening partnerships with academic centers to provide additional educational experiences for both students and practitioners in health care disciplines. DIDD will seek input widely so stakeholders have a sense of commitment and ownership of this healthcare strategic plan, which will create a person-centered culture for health and wellness.

■ Establish a committee to review all contracts, grants and direct purchase authorities on an annual basis to evaluate performance, need, cost and oversight. Through this process, DIDD reduced existing contract expenditures by over $2,000,000 in the past nine months.

INTRODUCTION

Effective January 15, 2011, the former Division of Intellectual Disabilities Services was established as the Department of Intellectual and Developmental Disabilities (DIDD). The division had previously been under the direction of the Department of Finance and Administration. Today, the department leads the state in developing and maintaining a system of supports and services for persons with intellectual and developmental disabilities. The broader charge of serving persons with developmental disabilities is a new responsibility of the department, and while it is an appropriate charge, it came without additional fiscal allocations which is a challenge facing the department.

Programs coordinated by the department are financed from state appropriations, grants and federal Medicaid monies. For the most part, every one dollar the state spends on services for people with intellectual disabilities

is matched with two federal dollars. With that being said, DIDD is responsible for the oversight of a dynamic statewide system that serves over 8,000 Tennesseans with intellectual disabilities in three Home and Community Based Waivers and over 4,000 people in the Family Support Program. The service system includes over 470 community providers that employ 27,000 Direct Support Professionals in addition to approximately 2,200 state employees between the DIDD central office, developmental centers in Middle and East Tennessee, 17 state-operated community homes, three resource centers, and three regional offices.

The overall mission of DIDD is to provide leadership in the development and maintenance of a system that offers a continuum of services and support for persons with intellectual disabilities. The services and supports provided by DIDD contribute to those persons having healthy, secure, and meaningful lives.

APPROACH/METHODOLOGY

The DIDD Top to Bottom Review examined organizational structure, program responsibilities, fiscal accountability, best practices, and customer service. Strategic discussions were also held related to the budget, infrastructure, technology and other business practices deemed relevant to setting direction and improving performance.

Small group discussions with senior management were conducted to outline the mission, key objectives, and responsibilities of the department. One-on-one interviews were established with staff at various levels of the organization to receive their perspective and expertise on the department's purpose and performance. Managers met with their entire team to ask the questions of "who, what and why" in order to determine the reasons behind our business processes and practices. Participants were encouraged to brainstorm and to candidly help DIDD identify areas needing improvement or change.

The governor's goal of having a more efficient, effective, and economical government with improved customer service was the guiding principle for this energizing process.

RECOMMENDATIONS

Recommendation 1: Become the first accredited state intellectual and developmental disabilities service delivery system in the nation.

> *Discussion:* DIDD is currently working with a national accreditation entity to achieve accredited status. The accreditation process will provide an external examination of DIDD operations as a means to highlight successful programs already in place, and to focus and enhance continued initiatives to put people receiving services at the center of planning, policy, program, and practice at the local, regional, and state-wide levels. DIDD's goal is to become accredited within four years.

Recommendation 2: Assist more people with intellectual and developmental disabilities to obtain employment if they are interested in working.

> *Discussion:* Employment is an opportunity to earn competitive wages, develop new skills, enhance self-esteem, increase independence, identify oneself as a contributing member of the community, and improve quality of life. DIDD has several initiatives underway to make this a reality for the persons we serve. As individuals have a new income source, they may rely less on the state for basic necessities.

Recommendation 3: Develop an integrated database system.

> *Discussion:* The Information Systems Division is working to replace the department's current computer applications with an integrated database solution. These systems are used to track recipient and provider demographic data, service authorization and billing information, case management data and incident and investigation

data. By replacing these systems, DIDD will be able to improve efficiency and lower operational costs, while providing greater protection and improved service delivery to individuals and families.

Recommendation 4: Execute a strategic plan for health care that emphasizes health promotion.

Discussion: People with intellectual and developmental disabilities experience significant health disparities with twice the physical health challenges as the general population. However, they are involved in fewer health promotion activities. Recognizing optimal health is the cornerstone for a fulfilling and rewarding life, the department will execute our strategic plan for health care that emphasizes health promotion. Through this effort, DIDD, in conjunction with the Department of Health, will seek to improve the lives of persons served by educating and supporting them on leading a healthy and active life.
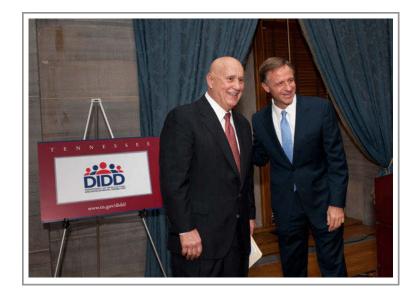
Recommendation 5: Expand partnerships with academic centers to further develop education and research opportunities.

Discussion: Joint academic-department partnerships would permit research to answer clinically relevant questions, and these partnerships may generate funding for joint research projects. Also, by working together with colleges, universities and professional organizations, best practices can be examined as to what is most practicable for the unique aspects of people with intellectual and developmental disabilities.

Recommendation 6: Develop a strategic plan that concentrates on encouraging more interaction between students, nurses, physicians and persons with intellectual or developmental disabilities.

Discussion: Education of the next generation of clinical providers is important to the people that we serve. To advance this interest, DIDD will do three things. First, the department will identify and help establish clinical training programs that allow students to interact with people with intellectual and

developmental disabilities. It is hoped that this will encourage more health care providers to choose a career that includes serving this population. Second, the department will work to enhance the curriculum in professional education to improve knowledge and skills of graduates. Finally, the department will strive to improve continuing education for professionals already in practice. To accomplish this goal, the department will work with the Developmental Disabilities Nurses Association and develop a database of currently certified nurses to begin part of this effort. The goal is to continue to increase the skills of nurses and improve quality of care.

Recommendation 7: Build a directory of clinical providers currently serving people with intellectual and developmental disabilities.

Discussion: This effort will help the department be more efficient and effective in its communications with clinical providers and be able to alert them about various issues, such as new drug information. This relationship will also serve as a forum for providers to identify administrative inefficiencies or other concerns they have that DIDD can work to resolve.

Recommendation 8: Identify people with a dual diagnosis, determine where service gaps may exist, and improve services provided.

Discussion: Approximately 40 to 50% of people with intellectual and developmental disabilities experience psychiatric or behavioral problems. DIDD will develop a directory of providers and work with the Department of Mental Health to identify service gaps for persons with a dual diagnosis (having an intellectual or developmental disability plus a psychiatric diagnosis or challenging behavior).

Recommendation 9: Define and compare health needs, and assess the competency of clinical providers to prepare for an aging population.

Discussion: People with intellectual and developmental disabilities are living longer. Therefore, the aging population of people with intellectual and developmental disabilities, the increased incidence of dementia and growing demand for end of life care will place further demands on providers and funding. DIDD will examine the coming needs of this group and plan services to meet those needs.

Recommendation 10: Provide direct advocacy services for the persons DIDD serves.

Discussion: The statewide Director of Advocacy Services position was established by the commissioner of DIDD after recognizing that the department should be one of the main advocates for persons supported. This move will allow DIDD to become an advocacy resource for families and persons supported in an effort to better improve their quality of care and quality of life. This role will involve tracking trends and patterns of advocacy needs, and DIDD management will use this quantifiable data to address systemic needs identified.

Recommendation 11: Implement consumer and family satisfaction survey tools.

Discussion: The Advocacy Office will implement consumer and family satisfaction survey tools in an effort to measure performance and progress of the service system. This will help assess if effective mechanisms are in place for appropriate problem solving to improve quality of life for persons served.

Recommendation 12: Assess and reorganize accounting and fiscal operations of the department.

Discussion: Unlike most state agencies, DIDD has a decentralized administrative structure. In addition to central fiscal, human resources, and procurement offices, all regions and facilities have their own units as well. The staff in those offices do not report to the Central Financial Director or the Central Human Resources Director. As a result, DIDD has not always had a consistent method of performing the duties required of these administrative offices. Furthermore, there is not adequate support in each regional office because of small staff size. Centralization will provide better support and segregation of duties because each staff member will be able to perform work for any section of the department, thus meeting peak times in particular areas. The centralization of all accounting, human resource, and procurement functions will better ensure uniformity in the way DIDD does business across the state and will result in efficiencies gained by using the same forms, same contracts, etc. DIDD expects to see significant cost savings by eliminating up to six positions during the centralization process.

Recommendation 13: Implement current-day personal banking practices for persons served by the department in the state-operated intermediate care facilities and community homes.

Discussion: As DIDD continues to implement a person-centered model of care, it is imperative to ensure that financial matters for persons served are also redesigned to be more person-centered. Individual spending processes and practices need to

take into account the wishes of the person, as well as permitting ready access to their funds, and encourage and facilitate persons to learn how to handle certain, if not all, aspects of their finances. DIDD recognizes that the way most individuals handle their finances is becoming more automated and focused online. DIDD plans to implement a debit card program with each person having her or his own individual checking account. This type of program will ensure that the individuals we serve will be kept up-to-date as technology advances. Additional advantages include more efficient tracking of expenses for better money management and better protection against theft.

Recommendation 14: Review all contracts, grants, and direct purchase authorities.

Discussion: DIDD established a committee to review all contracts, grants and direct purchase authorities on an annual basis to review for performance, need, cost and oversight. Through this process, DIDD has already reduced existing contract expenditures by over $2,000,000 in the past nine months.

Recommendation 15: Allow DIDD to assume licensing responsibilities for DIDD contracted providers.

Discussion: Legislation has been proposed that would transfer the responsibilities of licensure of facilities and services for persons with intellectual and developmental disabilities from the Department of Mental Health to DIDD.

Recommendation 16: Allow DIDD to have one admissions review committee.

Discussion: DIDD has proposed legislation that removes references to local admissions review boards at the remaining developmental centers (Clover Bottom, Harold Jordan Center, and Greene Valley). If enacted, one statewide admissions review committee will be responsible for admissions decisions to a state developmental center.

Recommendation 17: Develop a DIDD Speaker's Bureau.

Discussion: Speaker's bureau programs are very effective avenues for promoting education and understanding. DIDD foresees a need to raise public awareness about issues surrounding intellectual and developmental disabilities. In addition, as the Department of Intellectual and Developmental Disabilities was just established effective January 15, 2011, the public may not have a good understanding of the department's purpose and function. A speaker's bureau can help educate people about the organization's purpose, services, and activities as well as educate public service entities on how to effectively communicate or work with people with intellectual and developmental disabilities.

Recommendation 18: Develop a clearinghouse of community resources that includes support groups, community alternative services, and events.

Discussion: DIDD should strive to become the main resource in the State of Tennessee for information related to intellectual and developmental disabilities. Creating alliances between DIDD and community organizations all across the state will help us to provide information about various programs such as local support groups, community alternative services and local community events. DIDD staff will be trained and made available to respond to questions, make referrals, and provide education and training. The website will be updated to include a community page that includes information about various resources available throughout Tennessee.

LABOR & WORKFORCE DEVELOPMENT

HIGHLIGHTS

- Introduced legislation to implement the federally mandated Treasury Offset Program (TOP) to enhance the department's ability to recover Unemployment Insurance (UI) benefit overpayments due to fraud, under reported or unreported wages. If implemented, TOP would allow the department to recover UI benefits by intercepting federal income tax refunds. The recovery of these funds could result in approximately $13.7 million being added to the Unemployment Insurance trust fund, which would serve to keep unemployment tax rates low for all of Tennessee's employers.

- Implemented an Interactive Voice Response System (IVR) to increase self-service options for UI claimants. Increased automation allows TDLWD to process UI claims in a more efficient and accurate manner. The UI Claims Center receives anywhere from 5,000 to 70,000 call attempts to the center each day. In 2011, the Claim Center received over 2 million call attempts. This IVR automation effort will increase efficiencies by allowing claimants to perform simple functions via the IVR system, thereby eliminating the need for a costly overflow call center. This will save the department approximately $100,000 per month or $1.2 million annually.

- Creation of a Jobs Clearinghouse to provide one comprehensive resource for career opportunities in Tennessee. One stop shopping would allow job seekers to distribute a resume while simultaneously "crawling" websites for employment opportunities. The Jobs Clearinghouse would also increase the ability of employers to identify qualified applicants. In addition, the system will provide immediate access to vital labor market information on the current and future economic landscape of Tennessee. This service would be important to our business community, elected-officials, higher education institutions, and economic development organizations.

INTRODUCTION

The mission and focus of Tennessee Department of Labor and Workforce Development (TDLWD) is to enhance economic prosperity in Tennessee by developing targeted strategies that support the creation of high quality jobs, advance communities, and support the training and growth of a 21st century skilled workforce while promoting workplace health and safety. TDLWD plays a huge role in the lives of both Tennessee businesses and citizens. For businesses, our TOSHA, Workplace Regulations and Compliance, and Workers' Compensation divisions help businesses grow and thrive and assist them with making the workplace safe for their employees. For citizens, our Employment Security, Workforce Development, and Adult Education divisions provide opportunities for adults to receive the education, training, and assistance they need to find and secure employment and make a better life for themselves and their families.

Through the Top to Bottom Review process, we have been empowered to rewrite our future by updating old policies and procedures, implementing new ones, and putting to rest the "that's the way we've always done it" approach to doing business. It is our desire to positively apply resources in new and innovative ways in order to achieve desired results. It takes thousands of people and thousands of hours to properly administer our programs over Tennessee's 95 counties. We recognize that we cannot accomplish our goal alone. Only through having great working relationships and creating a positive synergy with businesses, communities, educational institutions, and other state departments can we achieve our mission and raise the standard of services to all in the State of Tennessee. In this time of constant change and, realistically speaking, ever decreasing funding, we must position ourselves to be as efficient and effective as possible while still providing the same or increased levels of service to our customers. We believe this Top to Bottom Review is our first effort toward that end. We like to think of Top to Bottom Review as an "ongoing effort" where we will remain ever vigilant in the assessment of our policies and procedures and position ourselves to respond to change as quickly as possible.

Therefore, we are confident that the proposed recommendations and realignment of programs will strengthen the labor and workforce development system in Tennessee as well as provide excellent customer service to our internal and external customers. Tennesseans expect this, they deserve this, and we aim to meet their needs.

APPROACH/METHODOLOGY

The Top to Bottom Review was not just another exercise in strategic planning or a plan that works only on paper…it provides meaningful direction that is both actionable and sustainable for the future. In order to comply with the charge from the governor to identify opportunities where we could improve our effectiveness and functionality, TDLWD kicked off the process with an employee survey seeking specific insight. The anonymous online survey was sent to all 1,900+ department employees. We received responses from 576 individuals who provided a total 5,040 responses to the

survey questions. Through recursive abstraction, we read through, identified, and grouped all of the responses. Based on the responses received, several key recommendations emerged including: increase training opportunities, increase communications, implement career development and succession planning, and improve/consolidate IT functions to improve efficiency. These improvements are necessary in order for us to service our numerous internal and external clients more effectively.

We also received the input of over 700 external business stakeholders via survey. These businesses gave us insight on how our department could be perceived as being more "business friendly". We learned from their responses that businesses require more effective communication of rules & regulations, and also need more comprehensible explanations of tax, premium, and fee related departmental activity.

The next step was the initiation of Program Review Teams (PRTs) which were charged with completing a comprehensive examination of each component of all departmental programs. The review was designed to specifically identify the existence of process redundancies, unnecessary complexities, ineffective processes, and archaic processes. Each program formed PRTs comprised of the appropriate internal and external stakeholders as well as key knowledgeable frontline staff. In addition, specific efforts were implemented to ensure there was adequate geographic representation from across the state (i.e., central office staff, field staff and sub-recipients, etc.). During the PRT review process, each team completed an extensive questionnaire and developed process flowcharts of each program function to identify opportunities to reduce operational complexity and improve efficiency.

After the PRT reviews were completed, the Program and Policy Review Team (PPRT), comprised of the commissioner, deputy commissioner, administrator of finance and other key personnel, observed over 30 two-hour detailed presentations outlining findings and recommendations. The presentations were led by administrators from all divisions within TDLWD. The administrators were also accompanied by PRT members, including all subject matter experts for their

respective programs. After the presentations were completed, the PPRT conducted a more thorough review in order to draft final recommendations. Those recommendations follow this introduction.

RECOMMENDATIONS

Recommendation 1: Develop a digital records management system to preserve GED credential records dating from 1944 to the present.

Discussion: Over 300,000 records currently stored in multiple print and electronic formats, are vulnerable to age, natural disaster, and obsolete equipment/software. Records are used daily to provide documentation of education for employers, academic institutions and the military. This project is critical to the preservation of vital education records in danger of being lost.   Converting the records into one digital records management system will significantly reduce research time and allow adult education staff to provide important education records to individuals, academic institutions, business/industry and the military in a more cost effective and time efficient manner. By 2016, we expect a digital records management system to decrease turnaround time for processing records requests by 50% making the process more efficient for the customer and for staff.

Recommendation 2: Re-centralize the procurement function of the Employment Security Division to reduce man hours associated with purchasing.

Discussion: The procurement function for Employment Security Division is currently decentralized in 62 career centers and field operations (central office). The Fiscal Division's procurement area currently processes an average of 55 calls per month from field personnel who call for assistance on how to place requisition orders in Edison. The goal is to centralize 100% of the career centers' procurement function. This will result in a decrease of requests for assistance and increased efficiency in the procurement process.

This recommendation has been completed.

Recommendation 3: Maximize lease space and centralize operations.

Discussion: The department is actively exploring all opportunities to consolidate remote operations and non-state occupied operations into common state-owned leased space. Additionally, the department is reviewing how to more effectively utilize existing state-owned space by reorganizing existing operations. By early 2013, the department will move its Nashville Call Center and unemployment insurance satellite operations from leased space into the central office. This move will result in a permanent cost savings of $531,800 annually. To enhance services for the veterans we serve, we have also combined space with the Department of Veteran Affairs in Dyersburg which is projected to result in an approximately $6,500 annual savings. In addition, we are also exploring the potential of co-location with the Department of Veterans Affairs in Talbott, Cookeville, and Crossville which will result in additional cost savings. The co-location of these services will also enhance our ability to provide more comprehensive services to veterans and reduce approval delays for services.

Recommendation 4: Create a Jobs Clearinghouse to provide a unified platform and one-stop, self-service for both employers and job seekers.

Discussion: The function of the Jobs Clearinghouse is to create a trusted, valued source where job seekers and employers can connect seamlessly under one system. This one-stop shopping would allow our applicants to distribute their resumes while simultaneously "crawling" websites for job opportunities. The Jobs Clearinghouse would also increase the ability of employers to identify qualified applicants. Furthermore, the system will provide access to geographic information systems data on each community and region's industry strengths and educational attainment levels, projected workforce needs, and the training and education requirements for high demand career fields. This service would be important to our business community, elected-officials, higher education institutions, and economic development organizations. The system is currently in a pilot

stage in Middle Tennessee and scheduled to go live statewide in February 2012.

This recommendation has been completed.

Recommendation 5: Refocus on Employer Services and enhance job seeker services.

Discussion: An advisory committee has been established and will provide a direct link between the administration, front-line, and technical support staff. This advisory committee will have vital input concerning daily operations of Career Centers, implementation/streamlining programs, and the delivery of services. One of the first projects the advisory committee is working on is the centralization of employer job orders. Currently, job orders submitted by employers are routed to many different staff assigned to perform varying functions within the Career Center. This process leads to employers possibly talking to many different staff to answer questions or process changes on one job order. Centralizing this process will improve the quality of job orders taken, enhance communication with employers, and ensure there are fewer outstanding referrals on job orders. The Middle Tennessee Centralized Job Order pilot will be implemented by early April 2012. If it is a successful pilot, the model will be expanded to West and East Tennessee.

Recommendation 6: Increase automation of Unemployment Insurance (UI) claims processing by replacing the current system with the Interactive Voice Response System.

Discussion: The department has implemented an Interactive Voice Response System (IVR) to increase self-service options for UI claimants. Increased automation allows TDLWD to process UI claims in a more efficient and accurate manner. The UI Claims Center receives anywhere from 5,000 to 70,000 call attempts each day. In 2011, the Claim Center received over 2 million call attempts. This IVR automation effort will increase efficiencies by allowing claimants to perform simple functions via

the IVR system, thereby eliminating the need for a costly overflow call center. These functions will include, but not be limited to, unlocking pin numbers and changing addresses without delays. While additional part-time staff will be added to assist with calls that involve issues which cannot be resolved via the self-service model, the implementation will result in a cost savings of approximately $100,000 per month.

This recommendation has been completed.

Recommendation 7: Increase efficiency in the response phase of the UI claims decision-making process by interfacing the case management system with the claims center system to share information with others in the decision-making process.

Discussion: Implementing the case management system will increase efficiency by replacing the current paper process with an electronic tracking system that will provide all parties involved with real-time information regarding the disposition of the claims. This implementation will reduce the delays in the resolution of claims for unemployment benefits. It is anticipated that decision making efficiency will increase by 40% thereby reducing the average decision wait time from 8 weeks to 5 weeks.

Recommendation 8: Increase efficiency in the claims process and reduce errors by creating a statewide claim centers unit training program.

Discussion: The department has formed the UI Education Task Force and the UI Integrity Task Force. The task force members hold a cumulative knowledge base of over 200 years of UI experience and are responsible for the development of training instruments for staff. During the initial implementation phase, the task force members and UI claims staff identified educational needs for current and future staff. Subsequently, the training tools were developed and new hire training is currently being implemented. The new hire training lasts approximately 3 weeks. We will also provide ongoing/refresher training for existing staff. In addition, "Claim School" for existing staff is scheduled to begin in early summer of 2012. As we move forward, refresher training will be conducted once a year in person and additional training may be conducted via conference call or webinar as required. Furthermore, in early spring of 2012, job plans will be produced which will include quality and accuracy requirements. In addition to making the claims process more efficient, the training and revised job plans will also establish guidelines and standards for quality and allow the TDLWD to "benchmark" the status of improvement in regards to our performance improvement efforts. As a result, the department will increase efficiencies in processes, increase job satisfaction and morale among employees, reduce employee turnover, and enhance the department's image.

Recommendation 9: Expand Appeals Tribunal Unit to address demand and backlogs.

Discussion: The current caseload in the Appeals Tribunal has reached unprecedented numbers due to the state of the economy and sustained high unemployment rates. The number of cases has more than doubled, while our staff was reduced by buyouts in 2008 as well as additional staff and hearing officer attrition due to retirements. In favorable economic conditions, the Appeals Tribunal would receive approximately 15,000 requests for hearings annually. However, since 2008, the annual number of appeals cases has grown to over 36,000 cases. The existing staff is not sufficient to meet the current demand. Due to the unprecedented number

of Unemployment Claims filed, the Appeals Tribunal experienced a back log of appeals. This has increased the time to get a hearing from 3 weeks to 8 weeks, which creates difficulties for employers and claimants. Currently, more appeals are filed each week than are heard. We receive approximately 690 appeals per week yet hear approximately 620 per week. Therefore, the agency has hired additional staff, worked overtime, and increased the number of hearings each day to reduce the backlog. As a result of these efforts, we have successfully reduced the backlog from 8,000 appeals to approximately 2,800.

Recommendation 10: Detect, reduce, and collect Unemployment Insurance overpayments.

Discussion: This recommendation is multi-faceted. The first step was for TDLWD to improve claimant and employer messaging thereby resulting in the prevention and reduction of overpayments. Therefore, the department has revised communications (the messaging) to customers on overpayment tips and internet certification to help reduce the number of overpayments.

Secondly, the administration has introduced legislation to implement the federally mandated Treasury Offset Program (TOP) to enhance the department's ability to recover Unemployment Insurance (UI) Benefit Overpayments due to fraud, under reported or unreported wages. If implemented, TOP would allow the department to recover UI benefits by intercepting federal income tax refunds. The recovery of these funds could result in approximately $13.7 million being added to the Unemployment Insurance Trust Fund which would serve to keep unemployment tax rates low for all of Tennessee's employers.

Thirdly, the department is in the final development stages of a new information technology case management system that is scheduled to "go live" by late summer of 2012. The case management system integration, among many things, will reduce the Benefit Payment Control Unit (BPC) staff time for assembling documents in order to make overpayment decisions and will make the necessary

documentation immediately available in electronic format. The case management system will also allow BPC decisions and additional documents to be made part of the claimant's electronic file thereby providing other appropriate departmental staff knowledge of actions being taken in BPC.

Also, the department plans to initiate collection of existing overpayment debt by NCO Credit Services. This initiative will not cost the department any time or personnel resources. However, the department will pay 7.5% of what is collected by NCO Credit Services to cover the cost of the initiative. Therefore, we have begun to populate queries and data files to transfer data to NCO for collections by early March 2012. Finally, the department also needs to provide adequate staff to reduce and eliminate the BPC backlog of overpayment cases.

Recommendation 11: Increase efficiency and convenience of the payment process for businesses and the department.

Discussion: The department is exploring the process of automating the wage update system. The goal is to create a system that accepts payments by phone or online using a check or credit card. This will provide a more convenient process for claimants and businesses to make necessary payments to the department such as taxes, overpayments, or penalties. An automated payment system would also significantly reduce staff time involved in processing paper check payments.

Recommendation 12: Increase efficiency of partial claim submission by completely automating the process and including small employers.

Discussion: TDLWD has taken steps to upgrade the automated partial system that is currently utilized by larger employers only. A new automated center will allow employers to submit directly to a web-based system which will increase efficiency of partial claim and lack of work submissions. This upgrade would also allow those businesses with 50 or more employees to utilize this system. Nearly 650 employers file for partial weeks of unemployment

insurance benefits for their workforce through the automated system. As of September 2011, the Claims Center processed 154,101 telephone claims with approximately 90 Interviewers and the UI Claims Center processed 112,780 automated partial claims. However, during testing of the automated system, one interviewer was able to process 37,593 claims; a telephone interviewer was only able to process 1,712 claims within the same time frame. An enhancement of this automated process will also allow the unit to operate more efficiently, especially when making changes or corrections to the claims submitted by employers. Currently, employers submit claims electronically, but the Automated Partials Unit (3 staff persons) have to verify that the information being filed is correct, make any corrections, and then send those claims to the mainframe programmer for processing. With the new, web-based automated partial system, the employer will submit the information directly into the system. If there is an error, the employer will be notified electronically to make the necessary corrections before the claim is processed. This process will reduce processing time, increase accuracy, and reduce the number of employees in that unit to two staff. The remaining position will be transferred to assist with telephone claims unit.

Recommendation 13: Reduce Work Opportunity Tax Credit (WOTC) program application backlog to provide Federal Income Tax Credits to Tennessee's For-Profit Employers in a timely manner.

Discussion: Tennessee's WOTC unit processes tax credits for employers who hire and retain individuals who fall into established categories, including Department of Human Services (DHS) participants and veterans. In FY 2011, the department processed 50,025 applications which represent a potential tax saving to Tennessee employers in excess of $201 million. However, despite processing a record 50,025 applications, the department still has a huge back log of 70,000 applications. The backlog was the result of the program not being reauthorized by USDOL for almost a year in 2009. As a result, no applications were processed. Nonetheless, tremendous interest has grown in the WOTC program during the recession (approximately 10% annually) because of its value to employers. The increased number of applications has also made it difficult to eliminate the existing backlog. Therefore, the department is collaborating with DHS to develop an automated process to verify applications for DHS participants. This collaboration is very valuable because approximately 87% of WOTC certifications require verification from DHS. We anticipate having the ability to access the DHS Clearinghouse data system to cross-match applications by late Fall of 2012. Furthermore, existing systems used by other state's WOTC Units are being evaluated and the department's IT Division is doing a cost/benefit analysis to determine the best course of action. The TDLWD is also considering implementing a LEAN management event for the WOTC program to assist with the elimination of the backlog.

Recommendation 14: Strengthen and maintain strategic partnerships with Education and Economic and Community Development (ECD) to address needs and leverage labor market data resources to enhance funding opportunities.

Discussion: The department will continue to partner and consult with workforce investment boards and other key workforce and economic development partners and stakeholders by providing data analysis and publishing relevant economic analyses, special workforce information, and/or economic studies. This information will be of benefit to the governor

and state and local Workforce Investment Boards with decisions such as type and location of training programs and business recruitment and expansion initiatives.

Recommendation 15: Realign regional marketing territories to match the "Jobs4TN Base Camps" to enhance partnerships with ECD as well as business recruitment and expansion.

Discussion: This realignment will also afford TDLWD and ECD an additional opportunity to work as a team to assess ways to enhance regional economic development and focus on best practices and strategies to improve each region's effectiveness in business retention, expansion and recruitment. These efforts will also provide a cross-functional process that creates and promotes relationships with customers and other stakeholders by strategically influencing all messages sent to these groups and encouraging data-driven, purposeful dialog. The marketing staff has met with ECD staff to discuss our realignment to the "Jobs4TN Base Camps". The marketing staff has also been assigned new territories, targeting counties where business/ employers have active hiring needs. TDLWD's existing Workforce Employer Outreach Committee (WEOC) forums meet each quarter across the state and will be used as an economic forum, partnering with ECD and businesses. Metrics to measure success will include the marketing scorecards which compare frequency of employer outreach by marketing staff with the amount of job orders submitted and utilization of services by new and existing employers at Tennessee Career Centers.

This recommendation has been completed.

Recommendation 16: Create a marketing and communications clearinghouse.

Discussion: A clearinghouse for TDLWD marketing will ensure that all collateral materials, communications, and messaging meet the highest standards of design and content consistency by setting parameters, templates, guidelines, and

processes through the clearinghouse. The cost savings would involve the initiation of exact cost allocation of marketing materials to the correct requesting division. Cost savings also exist with the management of inventory on hand vs. storing at Central Stores (pending quantity).

This recommendation has been completed.

Recommendation 17: Reduce the number of paper reports by utilizing OIR's Document Direct System.

Discussion: The Top to Bottom Review allowed TDLWD to evaluate what we incur in purchasing costs, repairs, copying, printing, and postage. In order to reduce our consumption of paper and increase efficiency at work, TDLWD plans to eliminate unnecessary paper forms/reports and convert to an electronic process. Staff will use intranet based reporting, electronic search capabilities, export data and import into spreadsheets, as needed. OIR's Document Direct System will also allow remote offices to obtain reports faster and reduce the amount of physical storage needed. Because the use of paper documentation is still required by law for some reports, TDLWD is planning to convert 400 of 1,000 reports to OIR's Document Direct System. Currently, 100 reports have been converted. This recommendation is estimated to result in a 15% reduction in staff time spent on report generation. This project will have an initial cost of $80,000 because it requires 10 labor hours per report to move to Document Direct. Utilizing existing staff who are already assigned to existing projects, it has taken 15 months to finish 1,000 labor hours to move 100 reports. Therefore, it is estimated that it will be an additional 45 months to complete the project (August 2017). However, we anticipate a cost savings of approximately $50,000 per year once the project is complete.

Recommendation 18: Reduce the use of 120-Day Retiree Appointments.

Discussion: TDLWD has identified multiple occasions where poor planning has led to the necessity of bringing retired employees back to work on 120-day appointments and re-appointing those same employees multiple times, resulting in retired employees continuing to work for several years at additional expense to the department. The goal is to correct this issue by developing a succession development program. This program will provide knowledge and skills training to employees and also provide development of supervisory skills for the effective planning for scheduled and projected retirements. The department will save an average of $10,800 per appointment ended. Therefore, TDLWD anticipates eliminating at least 15 of the appointments by the end of FY 2013 for a savings of approximately $162,000.

Recommendation 19: Re-align, cross-train, and reduce staff.

Discussion: TDLWD plans to realign, cross-train, and reduce staff in order to save approximately $270,000 on an annual basis. The restructure will occur in the following areas: Legal Division, including the Second Injury Fund (SIF); Worker's Compensation (WC) Penalty Program; and Workplace Regulations and Compliance's Labor Research and Statistics (WRC) unit. In Legal, one support staff position will be re-aligned into the ES Appeals Division and one part-time position will be eliminated. Legal support staff workload will be redistributed to operate more efficiently and the support staff will be cross trained to assist the entire legal division. SIF staff attorneys will increase efficiency by restructuring areas covered by attorneys. This restructure will also reduce travel for these attorneys and result in additional cost savings. Cross-training will increase legal staffing efficiency and scheduling flexibility to improve customer service and enhance division efficiency by reducing the total number of cases and/or backlogs. The WC Penalty Program will be restructured to increase its productivity and effectiveness by eliminating the

permanently assigned attorney position. However, it will utilize the legal services of existing attorneys in the division and add a Workers Comp Specialist position, which will be adequate for the program's needs and will reduce costs. The WRC Division has eliminated one vacant "Statistician 2" position that has been vacant for three years. The department has not incurred any loss in efficiency due to this vacancy.

Recommendation 20: Re-align Rapid Response Coordinators to the ECD regional "Jobs4TN Base Camps" to improve Rapid Response (RR) coverage and increase program efficiency.

Discussion: This re-alignment would result in better coordinated planning and identification of staff resources and roles, increased collaboration with ECD regional "Jobs4TN Base Camps" and enhanced service delivery. In addition, Rapid Response services can be further expanded to include lay-off aversion strategies that prevent lay-offs and closures, thereby retaining businesses and jobs throughout the state. There is also the potential savings through travel reduction as well as increased service to employers/employees. A cost savings of $70,000 would also be realized by the elimination 1 staff position. Work will be redistributed among existing staff.

Recommendation 21: Reduce staff positions in the Workforce Development Division to streamline processes and procedure within the department.

Discussion: Staff involved in this transition will be cross-trained and job plans for the retained positions have been redeveloped. TDLWD provided reduction in force letters to affected employees on December 6, 2011. This reduction is force will result in a cost savings of $337,000.

This recommendation has been completed.

Recommendation 22: Enhance data sharing to reduce the burden to provide information for program participation.

Discussion: TDLWD will enhance data sharing opportunities to achieve better outcomes for our customers, reduce paperwork burdens, and improve coordination of service delivery. This initiative will also eliminate redundancy by minimizing the amount of information that has to be provided by program participants to multiple state agencies during the intake and eligibility process and remove some of the burden off of the customer. It will also limit the amount of redundant information that customers have to report to different divisions of Labor & Workforce Development.

Recommendation 23: Seek a waiver from the federal government to request necessary flexibility to the Workforce Investment Act (WIA) Youth Program.

Discussion: Currently, the WIA Youth Program provides eligible youth linkages to employment and education. TDLWD has submitted a waiver request to the federal government to provide Local Workforce Investment Areas (LWIAs) flexibility in WIA Youth Program design in order to cut cost and improve services. Approval will take about 3 to 6 months. However, by gaining the waiver for some required elements, LWIAs will be able to cut overhead costs and improve services to participants. This waiver will also help LWIAs who lack eligible providers to be in compliance with the federal regulations. The requested waiver will also enable administrative entities to generate a larger pool of funds. The larger pool of funds will drive down the cost of providing services and allow more youth to be served while also providing continuity of services and rapid implementation of the summer youth jobs program. As a result, the LWIAs will strengthen ties with work experience/internship host agencies and employers; and reduce administrative cost and allow follow-up services provided to participants which ensures more stability of services. If the waiver is approved, the estimated savings in the WIA Youth Program will be achieved by decreasing administrative expenses by approximately 3% which will result in approximately $464,000 in increases to direct services to WIA Youth.

HIGHLIGHTS

■ Strengthen community mental health and substance abuse services. This initiative involves rebidding all contracts and identifying dollars allocated to agencies to insure we are receiving the best services from the most capable organizations. Shifting inpatient resources to fund community services through an initial $20 million reallocation will strengthen the effectiveness of this effort.

■ Decrease abuse of prescription drugs. This will be pursued by collaborating with the Safety Sub-Cabinet and by supporting the Governor's Prescription Safety Act of 2012.

■ Increase the efficiency and effectiveness of the 5 state Regional Mental Health Institutes. This initiative includes establishing best practices and standardizing clinical functions, expanding technology use, and determining barriers to discharge for long-term patients.

■ Increase collaboration with various departments (DCS, TennCare, DOC, DHS) as well as advocacy groups and community providers, which is an essential part of the mission of the department.

INTRODUCTION

The Department of Mental Health (TDMH) is the state's mental health and substance abuse authority. Its mission is to plan for and promote the availability of a comprehensive array of quality prevention, early intervention, treatment, habilitation and rehabilitation services and supports based on the needs and choices of individuals and families served. The department is responsible for system planning, setting policy and quality standards, system monitoring and evaluation, disseminating public information and advocating for persons of all ages who have mental illness, serious emotional disturbance, and substance abuse disorders. TDMH annually assesses the public's needs for mental health and substance abuse services. Title 33 of the Tennessee Code Annotated requires that functions of TDMH be carried out in consultation and collaboration with current or former service recipients; their families,

guardians or conservators; advocates; provider agencies; and other affected persons and organizations.

The department has six major divisions: Mental Health Services, Alcohol & Drug Abuse Services, Clinical Leadership, Planning, Research & Forensics, Hospital Services, and Administrative Services. The department operates five regional mental health institutes (RMHIs) which provide inpatient psychiatric services for Tennesseans with mental illness or serious emotional disturbance who require that level of care. The five RMHIs are: Lakeshore Mental Health Institute in Knoxville, Moccasin Bend Mental Health Institute in Chattanooga, Middle Tennessee Mental Health Institute in Nashville, Western Mental Health Institute in Bolivar, and Memphis Mental Health Institute in Memphis. TDMH's Central Office is located in Nashville.

The operational budget of TDMH is made up of both state and federal dollars. In fiscal year 2012, a proposed $20 million will be shifted from inpatient to fund community services upon approval of the General Assembly. This budget shift reflects the department's desire to serve persons with mental health and substance abuse issues in community settings whenever possible.

information from the managed care organizations, the Mental Health Consumers Advisory Board, providers, advocates, family members, and trade associations. Specific stakeholders were also key informants in their specialty areas and helped identify critical findings which were in turn developed into specific goals.

APPROACH/METHODOLOGY

The Top to Bottom Review outlined TDMH's goals and strategies to best utilize limited resources to serve Tennesseans with mental health and substance abuse issues in the most effective and cost efficient way possible. With the increased demand for our services and the new financial reality of our state and nation, we must develop bold new strategies if we want to have viable public mental health and substance abuse services for our most vulnerable citizens.

In late spring of 2011, the TDMH executive staff began discussions on the focus and scope of the Top to Bottom Review, addressing the mission, responsibilities, and structure in order to better identify areas of improvement and recommended changes. TDMH asked for and received input from a variety of stakeholders. The department was aided by the Statewide Policy and Planning Council and seven advisory regional councils. In addition, TDMH sought comments and observations from our cabinet and sub-cabinet members, as well as

RECOMMENDATIONS

Recommendation 1: Streamline and Restructure TDMH Central Operations.

Discussion: A number of changes were made to the organizational structure to more effectively fulfill the department's mission. In order to streamline operations, key leadership positions have been evaluated and redefined. Restructuring central operations includes consolidation of all mental health programs under the Division of Mental Health Services, moving staff from across the department into a new Division of Planning, Research & Forensics, and moving all hospital-related services under a new Assistant Commissioner for Hospital Services.

Recommendation 2: Improve decision making by consolidating planning, research, data management, and reporting.

Discussion: For the sake of greater organizational efficiency, TDMH has aligned departmental planning processes around common goals, timeframes, and outcomes. A formalized evaluation system for executive staff will be developed. TDMH will continue to engage the state and regional policy and planning councils on identifying needs. TDMH will also evaluate the departmental policy adoption process.

Recommendation 3: Develop an online data book to make mental health outcome and substance abuse data more accessible.

Discussion: The Tennessee Department of Mental Health is compiling information and statistics about key indicators of mental health and substance abuse, core services available to people with mental illness and substance abuse problems, and information on department operations. This data book will be used to create a dashboard on the department's website and will be distributed to the state and regional planning councils to assist the councils in identifying emerging problems and unmet needs. Finally, department staff will use the data book to inform decisions and allocate resources.

Recommendation 4: Increase the efficiency and effectiveness of the five RMHIs.

Discussion: Efficiency and effectiveness among the RMHIs begin with standardized practices. This initiative seeks to establish best practices and standardized functions in both business and clinical functions. The department will expand the use of technology in the RMHIs. Expanded technology priorities include telehealth, an electronic pharmacy management system, and electronic health records.

Recommendation 5: Determine the right size and number of RMHI inpatient beds.

Discussion: TDMH has put forward a proposal to close Lakeshore Mental Health Institute in fiscal year 2012. Lakeshore currently has 115 beds. The proposal expands community mental health services

through contracts with three private psychiatric in-patient hospitals in East Tennessee (Peninsula Hospital of Knoxville, Ridgeview Hospital of Oak Ridge, and Woodridge Hospital of Johnson City). Under this proposal, the $20 million that is currently allocated to Lakeshore would be reinvested in community services in East Tennessee.   In all of the RMHIs, TDMH will review treatment plans for all long-term patients and determine barriers to discharge.

Recommendation 6: Strengthen Community Mental Health and Substance Abuse Services.

Discussion: To achieve this strategy, TDMH will use program contracts to support recovery, resiliency, self-achievement, and outcomes. TDMH will develop best practice guidelines for essential services like case management. In order to strengthen crisis services, the department will create financial incentives to ensure responsiveness and effectiveness.

Recommendation 7: Clarify expectations of agency contracts by re-writing scopes of service to define program outcomes and to hold agencies more accountable for results.

Discussion: By rewriting scopes of services, TDMH will be more able to define expectations and program outcomes, evaluate agency performance, hold agencies accountable, and focus resources on

the most capable organizations. This will give opportunities to agencies that were previously unable to contract with the department and will ensure geographic distribution of funded services. By rewriting scopes of services and creating more defined expectations, TDMH will ensure we are providing the high-quality and best services to Tennesseans in need of substance abuse or mental health services.

Recommendation 8: Expand and improve mental health services delivered to children and youth.

Discussion: The Top to Bottom Review helped TDMH identify its needs to expand and improve mental health services for children. TDMH interviewed key stakeholders and advocates for children's services and evaluated all allocation resources and contractual relationships currently in place for those children served by the department. A major priority for this division is to identify practices supported by research and maximize the department's investment in children services.

By emphasizing the importance of data and research practices, TDMH will promote the adoption of best practices for prevention, early intervention, and treatment for children and youth. The adoption of a uniform child assessment tool is also vital.   As TDMH seeks to improve these services to children and youth, we will continue to aggressively seek funding for those services not covered by TennCare. The department will encourage collaboration among state and local agencies to better serve children, youth, and their families.

Recommendation 9: Encourage consumer recovery, resiliency, and personal achievement.

Discussion: The department will promote programs and activities that encourage Tennesseans to recover, thrive, and manage their own lives. TDMH will fund programs to help reduce the stigma associated with mental health and substance abuse. Promotion of the integration of physical and behavioral health is a key part of this initiative.

Recommendation 10: Evaluate all currently funded consumer and peer support programs to determine their alignment with recovery principles.

Discussion: It is important to evaluate the function and effectiveness of peer support services, especially in view of the current demand on services. Currently, a stakeholder work group is evaluating and reviewing the most effective peer support structure for Tennesseans.

Recommendation 11:   Decrease the abuse of prescription drugs and implement the Tennessee Prescription Safety Act of 2012.

Discussion: Abuse of prescription opioids (pain relievers) is the number one drug problem for Tennesseans receiving state-funded treatment services. The complexity and impact of prescription drug abuse makes a collaborative response to this issue essential.

Recommendations to address the epidemic are:
1. Increase public awareness about dangers of methamphetamine and prescription drugs,
2. Increase data sharing among state departments and agency partners for drug abuse,
3. Expand treatment options for people addicted to prescription drugs,
4. Support health care organizations and providers to become champions for prescription drug abuse prevention,
5. Reduce unethical and dangerous practices among prescribers, and
6. Develop regional approaches to monitor and reduce prescription drug and methamphetamine trafficking.

Recommendation 12: Legislatively change the department's name from Department of Mental Health to Department of Mental Health and Substance Abuse Services.

Discussion: This name change will more accurately reflect TDMH's mission and will provide greater visibility for the department's primary area of responsibility. Currently, over half of the

department's contracts are with alcohol and drug providers. TDMH hopes to make Tennesseans with substance abuse issues aware that we are the authority for these issues.

Recommendation 13: Align statutorily scheduled controlled substances with regulatory rules.
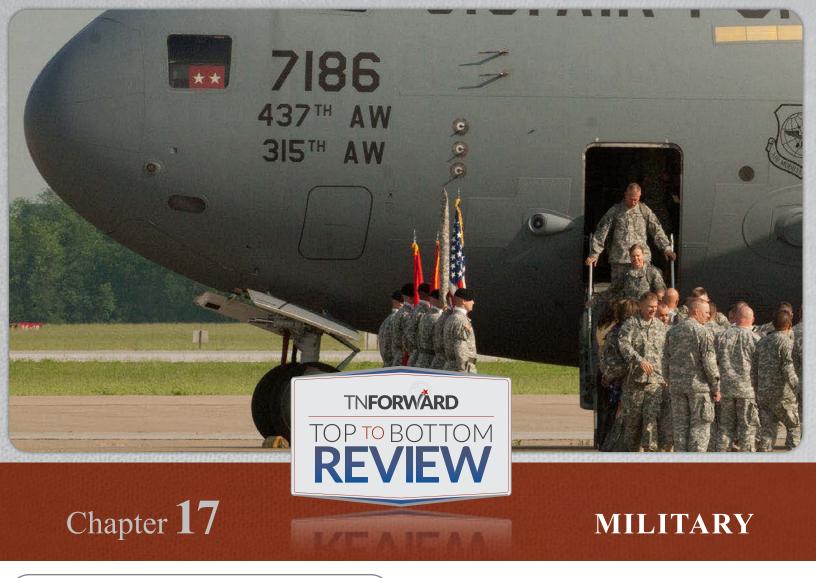
Discussion: TDMH has requested an alignment of statutorily controlled substances with regulatory ones. This alignment will create better visibility for prosecution of crimes related to drug abuse. The proposed legislative bill adds 73 drugs to the list of controlled substances: Schedule I: 7 drugs, Schedule II: 10 drugs, Schedule III: 49 drugs, Schedule IV: 5 drugs and Schedule V: 2 drugs. 71 of the drugs are listed under the federal schedules and 2 drugs were added after a rulemaking hearing. The bill also deletes 4 drugs: Schedule I: 3 drugs and Schedule III: 1 drug. Two of the drugs in Schedule I were delisted by the federal government and the remaining two drugs are not otherwise listed in the CFR.

Recommendation 14: Require applicants for certificates of need for methadone clinics to have support from local authorities.

Discussion: In light of the prescription drug epidemic confronting our state, our department feels non-residential opioid treatment program facilities need better reporting in order to track nature/scope of dispensed medications. Encouraging patients to become drug-free is our primary mission and with an emphasis on long-term medication management as opposed to detox, our department feels some facilities are continuing dependency in patients. By doing so, patients are not encouraged to become drug-free and this notion is contrary to the commonly accepted philosophy and belief of alcohol and drug abuse treatment.

Given the potential impact of licensing these facilities, TDMH is committed to securing local input from the community. Additionally, the rule changes will strengthen the department's clinical oversight and require facilities to gain approval from local governments before establishing a clinic in their community. TDMH held a rule hearing on January 5, 2012 where discussion was heard concerning the requirement of local approval. No final rules have been submitted.

HIGHLIGHTS

■ Use rapid process improvement techniques in the review of executing all aspects of federal grant management which will result in decreasing the amount of time it takes to deliver federal funding to locals, as well as providing timelier billing of federal programs.

■ Maximize the use of energy efficient technologies to reduce consumption at three Air National Guard bases by a minimum of 5%. All Army National Guard facility improvements are adopting equivalent practices, which has had an initial estimated annual savings of $50,000.

■ Updated TEMA training database to more accurately represent the required training of Emergency Service Coordinators; assessed and updated Information Technology connectivity between Administrative Services and the primary server which improved data speed and timeliness of fiscal transactions – all conducted within current budget.

INTRODUCTION

The Tennessee Military Department includes the Army National Guard, Air National Guard, Tennessee Emergency Management Agency, Tennessee State Guard, Administrative Services, and War Records. The department's primary mission is to maintain the readiness of an operationally active reserve force that is prepared to respond to a wide range of emergencies on global, national, state, and local levels. The Army and Air National Guard are subject to the call of the Governor of Tennessee under state active duty and to the call of the President of the United States for federal missions.

The Army National Guard in Tennessee sustains a force of approximately 10,600 soldiers and the Air National Guard sustains approximately 3,500 airmen. The Tennessee Emergency Management Agency (TEMA) has the mission to reduce the loss of life and property and protect the State of Tennessee from all hazards, including

natural disasters, acts of terrorism and other man-made disasters by leading and supporting the state in a risk-based comprehensive emergency management system of preparedness, protection, response, recovery and mitigation.

The funding source for the department's operating budget is a mix consisting of approximately 89% federal funds, 9% from state appropriations, and 2% from inter-agency funding.

APPROACH/METHODOLOGY

Each division of the department conducted independent reviews to provide a mission specific analysis of operations. Each generally followed the Military Decision Making Process of mission analysis and course of action development. Some highlights include reviewing available assets, identifying resource shortfalls, risk assessment, constraints identified, organizational structure review, and personnel available to task analysis.

Each division's findings and recommendations were analyzed by the department's Top to Bottom Review working group to ensure all aspects regarding Human Resources, funding sources, and services provided were adequately addressed.

RECOMMENDATIONS

Recommendation 1: Establish a working group comprising both state and federal senior leaders to determine where there are opportunities to improve upon efficient execution of state and federal funding.

Discussion: Initial analysis revealed that Army and Air National Guard grant language regarding state execution of federal funds through a cooperative agreement should be updated to address 100% federally funded programs vs. those federal programs which require state matching funds to execute. A favorable outcome would not result in the loss of federal funds to the State of Tennessee. At

least one 100% federally funded program (Information Technology/Communications) currently requires execution through a cooperative agreement, yet contains language that prohibits the billing of administrative fees charged by the state – currently 12%. These non-reimbursed state appropriated funds, totaling approximately $50,000, could be used more effectively within the department.

Recommendation 2: Execute a rapid process improvement technique, such as LEAN, to determine ways to improve the speed and efficiency related to the Cooperative Agreement (combined federal-state execution of federal grants from the National Guard Bureau) payment and reimbursement processes.

Discussion: Recent reviews of appendices of the Cooperative Agreement revealed unacceptable delays in processing payments and reimbursements. The Federal United States Property and Fiscal Officer and the Military Department Director of Administrative Services will jointly determine the minimum acceptable processing timeline and oversee the rapid process improvement.

Recommendation 3: Establish an independent data communication line for the Administrative Services Information Technology server.

Discussion: Data lines for Administrative Services were acquired through the Tennessee Emergency Management Agency server causing bandwidth inconsistency during periods of emergency peak usage. An independent server line for Administrative Services was needed to provide consistent bandwidth for the transmittal and download of contracts and fiscal transactions.

This recommendation has been completed.

Recommendation 4: Conduct a "Troop-to-Task" review focused primarily on the number of recurring tasks compared to the personnel available to complete those tasks.

Discussion: Each division of the department reviewed their current organization and conducted a comparative analysis to the tasks required. During the review, the Tennessee Emergency Management Agency was able to restructure within its organization to provide a more acceptable Operations Officer span of control for emergency management purposes.

This review of the Tennessee Emergency Management Agency and Administrative Services Division did reveal unacceptable risk existed in the human resources available for fiscal management of grants, public information operations, radio communications technical support, emergency management planning, and the inspection of radiological equipment pertaining to alarm security.

Recommendation 5: Maximize energy efficient technology in all existing and developing infrastructure.

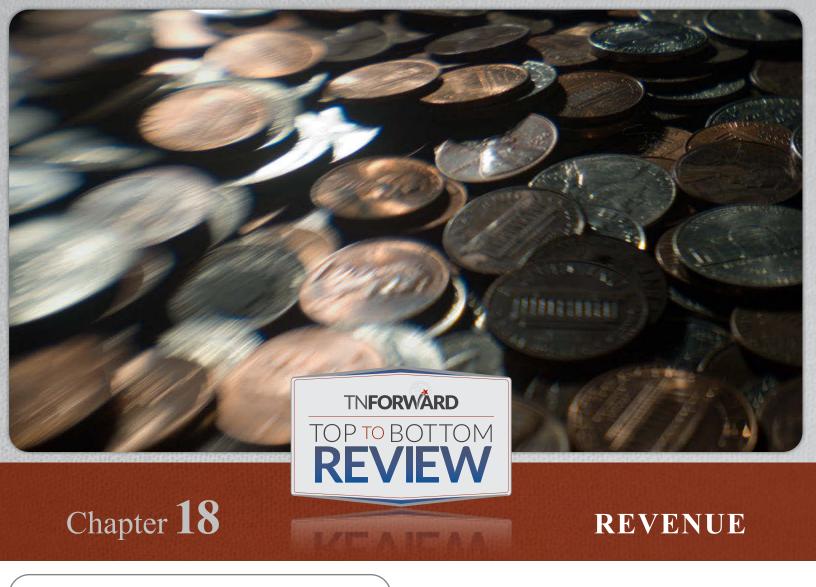*Discussion:* The rapid application of this technology is to reduce utility consumption at the three Air National Guard Bases and continue replicating the process for all Army National Guard facilities by incorporating LEED (Leadership in Energy and Environmental Design) protocol. The initial estimated target goal for the next 2-3 year period is a 5% reduction in utility consumption.

Recommendation 6: Update the Tennessee Emergency Management Agency Training Database.

Discussion: Training records maintained in the training database were not matched to employees or Emergency Service Coordinators. In conjunction with the Top to Bottom Review, the Training Division has updated the Training Database process to more accurately represent current Emergency Services Coordinators' training requirements and "training complete" status. All records for individuals have been updated. A new process to update and maintain the database has been implemented.

This recommendation has been completed.

Chapter 18

REVENUE

HIGHLIGHTS

■ Legislative recommendations include (1) eliminate the minimum thresholds for electronic filing of tax returns in an effort to eliminate or significantly reduce manual tax filing; (2) provide for reporting of wholesale purchases to better monitor and audit sales tax reporting by retailers; and (3) modify tax treatment for intangible expenses for business.

■ Address human resources/personnel issues including replacement of retirement-eligible employees over the next 1-5 years, utilize the state's 120-day contract policy to aid with knowledge transfer, enhance recruiting & hiring efforts to attract qualified candidates and improve employee evaluation process.

■ Implement electronic transfer and storage of motor vehicle title and registration documents.

■ Eliminate production and storage of unneeded and redundant reports and documents.

INTRODUCTION

As Tennessee's chief tax collector, the Department of Revenue (DOR) is responsible for the administration of state tax laws and motor vehicle laws established by the legislature and the collection of taxes and fees associated with those laws. DOR provides a means of collecting and processing the majority of total state collections and accounting for those funds used to finance and operate most state programs. DOR also apportions revenue collections for distribution to the various state funds and local units of government.

APPROACH/METHODOLOGY

The Top to Bottom Review examined the agency's programs and management systems, with the goal of identifying inefficiencies and areas where improved program performance is needed.

The approach to the Top to Bottom Review included face-to-face interviews, small group discussions, and applicable surveys of key personnel. Additionally, similar agencies were contacted in other states in an effort to share best practices.

RECOMMENDATIONS

Recommendation 1: Eliminate minimum thresholds for electronic filing of tax returns.

Discussion: Per discussions with other states and our own internal review, the evidence is clear: If you have an e-file capability, you certainly want taxpayers to use it. Tax administrators across the

Returns & Tax Documents Processed Annually

$2,500,000
Annual Returns & Documents

$825,000
Electronically Filed

$1,675,000
Manually Filed

country have embraced electronic filing as a means to:

1. Improve processing;
2. Eliminate key-entry errors;
3. Improve customer service;
4. Reduce the number of seasonal workers;
5. Make better use of staffing resources.

Electronic filing requirements are becoming an established feature of the tax administration landscape. These requirements maximize overall e-filing benefits and increase the value of the tax agency's infrastructure. E-filing effectively and efficiently fits the way taxpayers and states do business; such requirements are just the matchmakers bringing the public and the technology together. As is the case with every technological evolution, consistent education and communication are invaluable to streamlining the process.

Currently, the DOR processes nearly 2.5 million returns & documents annually. Approximately one-third of them are filed electronically.

Recommendation 2: Increase wholesaler reporting of retail sales purchase, per resale certificate, to enforce tax compliance.

Discussion: This concept would authorize DOR to require a monthly report from wholesalers and distributors of alcoholic beverages and tobacco products sold to retail dealers in Tennessee.

Some retail businesses under-report their sales, gross receipts and income and the taxes collected and/or due on their Sales & Use Tax returns, Business Tax returns and Franchise & Excise Tax returns, respectively. Due to the fact that many of these businesses operate on a cash basis and do not keep adequate records, the department must obtain records of these business transactions from third party sources, such as wholesalers and distributors, in order to verify their retail sales. The department has requested third party information from these businesses in the past with moderate success. Some

provide information voluntarily, while others require the Department of Revenue to use a legal process to obtain the information. There are no penalties for failure to supply the information. Collecting the information through the legal process is expensive, time-consuming (time loss is frequently significant in these cases) and often creates ill will and places an unnecessary burden on the state's legal staff. The state is losing millions of dollars due to under-reporting of sales, gross receipts and income, and sellers retaining the sales tax collected on these non-reported sales. This concept provides the department with the necessary information to increase voluntary compliance, recover taxes collected but unreported, and the means to process and collect a large volume of cases.

With third party business transaction information, the department will be able to make better decisions in audit lead development. Voluntary compliance will increase and audits and discovery cases will be more productive since the department will have specific documentation/basis for opening a case.

The State of Texas (approximately 4 times the size of Tennessee in population) implemented a similar program supported with legislation passed in 2008. Their implementation has generated over $260 million in the past 4 years. In January 2008, the Texas Comptroller of Public Accounts' office began compiling data of all retailers' purchases of alcoholic and tobacco products. Their bill was introduced in an effort to provide a level playing field for business and to assure all applicable taxes were reported and collected. The bill passed unanimously in their house and nearly unanimously (1 dissenter) in their senate. The State of Florida (approximately 3 times the size of Tennessee in population) has mirrored this concept with legislation that went into effect July 1, 2011. The Florida Department of Revenue estimates this concept will produce a $50-100 million increase in revenue, annually.

Recommendation 3: Modify tax treatment for intangible expenses for business.

Discussion: An unresolved issue for over eight years has been the proper tax treatment to be accorded to intangible expenses for businesses. The lack of resolution of this issue resulted in countless hours of effort and expense for the state and for taxpayers.

In order to bring the issue to focus and resolution, DOR solicited input from tax practitioners, through meetings and correspondence, and then held joint discussions with taxpayers, tax practitioners and DOR specialists, resulting in a proposed change that will require legislative implementation, and which we hope will resolve most of the open audit issues relating to intangible expenses.

Recommendation 4: Utilize H/R 120-day contract rule to aid with knowledge transfer from retirement-eligible employees.

Discussion: In a department as technical and complex as DOR, the fact that a significant portion of the workforce is reaching retirement creates a major risk in the loss of vital institutional knowledge. We need a way to reward and motivate employees to train the next generation in order to mitigate this risk. One way is through the use of the 120-day contract. Practices and procedures have resulted in circumstances where employees have stayed in place while in a "retired" status. The 120-day contract allows a retired employee to return to work for 120 days each year, in what amounts to a part-time, hourly paid role. These contracts should be closely monitored so that only experienced retired employees who are motivated to continue contributing and, more importantly, to train less experienced employees, are included in this process.

Recommendation 5: Implement process of electronic transfer and storage of motor vehicle title and registration documents.

Discussion: The department is tasked to be the custodians of motor vehicle title and registration certificates and supporting documents for the state. The County Clerks, as deputies to the registrar of motor vehicles, send processed work to the department daily. Many County Clerks currently scan and retain digital copies of these documents in their own systems yet submit paper copies to the department. There's an effort presently underway to transmit these digital images, directly eliminating the need for redundant effort and improving efficiencies in the overall system.

Recommendation 6: Eliminate unneeded and redundant report production and storage.

Discussion: In October 2011, DOR began an evaluation of all documents, forms, information and returns that it produces in an effort to determine what was actually still needed and whether there were efficiencies to be gained via consolidation and/or elimination. Agency managers were surveyed, reporting divisional report production and usage (both internally and externally). An ongoing effort continues in this area.

Chapter 19

SAFETY & HOMELAND SECURITY

— HIGHLIGHTS —

- Data-driven deployment of resources will significantly improve the department's ability to meet its goals of enhanced public safety and improved service delivery.

- Better communication with the public and a more robust training program for field staff will make the department more responsive, customer-friendly, and transparent.

- Streamlined processes and better utilization of technology will result in more efficient and effective services.

- Hours of operation are now standardized in all 50 Driver Service Centers across the state.

- Through tactical deployment of law enforcement and successful public awareness campaigns, the state has seen the lowest traffic fatality rate in nearly 50 years.

- DUI arrests by state troopers are up 39% from last year.

INTRODUCTION

The Department of Safety and Homeland Security's mission is to ensure that our state is a safe and secure place in which to live, work, and travel; enforce the law with integrity; and provide our customer-related services professionally and efficiently.

The department is a multi-faceted agency providing three main areas of service: law enforcement, driver services, and terrorism prevention. While each area performs distinctly different functions, they all work together toward the common goal of ensuring public safety.

The Tennessee Highway Patrol (THP) was established to protect the traveling public. It is responsible for the enforcement of all federal and state laws relating to traffic and the safe operation of all vehicles including laws that range from drug trafficking to auto theft. It has developed expertise in additional areas such as marijuana

eradication, the handling of explosives, and search and rescue missions.

The Driver Services Division (Driver Services) issues driver licenses and photo identifications in addition to handling a variety of other services ranging from gun permit applications to voter registration. The Financial Responsibility section of this division is responsible for canceling, revoking, or suspending licenses as a result of various offenses, as well as reinstating the licenses of eligible drivers.

The Office of Homeland Security (OHS) has primary responsibility and authority for directing the state's homeland security activities, including but not limited to the planning, coordination and implementation of all homeland security prevention efforts. This responsibility specifically includes the duty to design, develop, and implement a comprehensive, coordinated strategy to secure the State of Tennessee from terrorist threats and attacks.

APPROACH/METHODOLOGY

A Management Advisory Committee (MAC) was convened in order to direct the progress of the Top to Bottom Review. The MAC was composed of executive management from all main areas of responsibility within the department. In the first phase of the review, members of the MAC gathered suggestions from field staff in their areas and submitted prioritized lists for the MAC's review and approval.

Two major studies which were convened in the prior administration, the FedEx Report on Driver Services and the Kroll Report on the THP, were also reviewed thoroughly as part of the Top to Bottom Review. The MAC looked at both reports to determine what recommendations had been implemented, what recommendations could be implemented with available resources, and what recommendations were impractical due to lack of resources or changes in circumstances.

Finally, the MAC turned to several outside resources for ideas and assistance. Graduate students from Peabody

College at Vanderbilt University provided consulting assistance by conducting an organizational analysis of the department and making recommendations based on that analysis. The department also received input from the National Governors Association Center for Best Practices and the Department of Finance & Administration, particularly concerning Driver Services and customer service improvements.

RECOMMENDATIONS

Recommendation 1: Streamline processes and procedures at Driver Service Centers.

Discussion: Principles from the LEAN management approach will be used to evaluate the effectiveness and efficiency of key aspects of Driver Services. First, the current manual of policies and procedures is overly complex and not user-friendly. The LEAN process will be used to streamline the manual and make procedures clearer and simpler for employees.

The LEAN management approach will be utilized to evaluate the ten centers with the longest wait times, highest complaints, etc. to identify improvements that can be made. Additionally, a quick, easy to complete customer survey card has been developed to track the effectiveness of changes and will be given to customers who come into the service centers.

Recommendation 2: Create a more professional look for Driver Services employees.

Discussion: Uniforms currently being worn are ill-fitting and poorly made. New uniforms that are more professional looking are being ordered and will be phased in as part of routine replacement.

Recommendation 3: Develop a comprehensive training program for Driver Service employees.

Discussion: Training for Driver Services staff has been grievously neglected in the past. Training is being developed for new employee training, Driver

Service Center-based training, and intensive supervisor training. The primary focus of all areas will be customer service and leadership.

Recommendation 4: Develop consistent days and hours of operation for all Driver Service Centers.

Discussion: A common complaint from customers in the past has been that there were no consistent days and hours of operations for Driver Service Centers. While some centers were open Monday through Friday, others were open Tuesday through Friday, and still others Monday through Thursday. In order to make the operation more consistent and convenient statewide, all 50 Driver Service Centers are now open Monday through Friday, from 8:30 until 5:00 p.m.

This recommendation has been completed.

Recommendation 5: Restructure call centers to make them more efficient and effective in serving the public.

Discussion: The department currently operates two separate call centers to service customers—one that deals with driver licenses and one to handle financial responsibility issues. Automation and integration of these two call centers and their staffs will greatly improve customer service and reduce caller wait times. Call statistics that are currently being tracked manually will be automated, and the Integrated Voice Response systems for both centers will be integrated. The call centers will be physically relocated to one site, and staff will be cross-trained to handle both driver license issuance and financial responsibility calls. In addition to improved customer service, this will result in an estimated annual savings of $120,000.

Recommendation 6: Improve the selection process for Driver Service supervisors.

Discussion: Currently, in order to become a Driver Service Center supervisor, an applicant must have experience as a Driver License Examiner. This severely limits the applicant pool for supervisor and prohibits some persons with outstanding supervisory
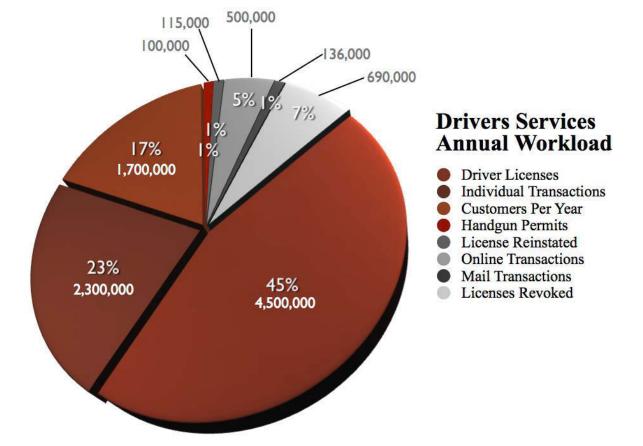
experience from applying. The department is currently working with Department of Human Resources to revise the minimum qualifications for this job so that a more diverse field of applicants can be considered in the future.

Recommendation 7: Explore the viability of public-private partnerships for providing select driver services to the public.

Discussion: The department will explore possible partnerships with the private sector to provide expanded opportunities for efficient issuance of driver licenses. This includes expanding current partnerships to administer commercial driver license (CDL) skills testing. CDL skills tests are time-intensive, often lasting up to 3 hours. The amount of time to administer the tests, coupled with the limited number of employees qualified to give them, contributes greatly to wait times in centers that offer the tests. Additionally, the department will work to expand its Cooperative Driving Testing Program (CDTP). More locations approved for the administering of skills testing for learner's permits would reduce traffic in the Driver Service Centers and help reduce wait times. Other potential avenues for public-private partnerships will continue to be studied and explored as the department looks to increase customer service and efficiency of driver license issuance.

Recommendation 8: Update technology at Driver Service Centers.

Discussion: Improvements to technology will enable Driver Services to serve customers more effectively and efficiently. The department will move to "paperless" transactions with the implementation of a new contract for issuing driver licenses. The most significant upgrade to division technology will come in the replacement of the current driver license software system. The current system was built in 1978 and has been modified and "patched" numerous times over the past 30 years to accommodate changes to law and policy. The new system will be faster, more flexible, and far better able to serve citizens.

Drivers Services Annual Workload

- Driver Licenses
- Individual Transactions
- Customers Per Year
- Handgun Permits
- License Reinstated
- Online Transactions
- Mail Transactions
- Licenses Revoked

Recommendation 9: Establish specific centers to handle license reinstatement transactions.

Discussion: On average, reinstatement transactions in which a person who has had their license suspended or revoked, take the longest amount of time to process. Moving these transactions to a limited number of specific reinstatement centers will allow other service centers to focus on standard transactions.

This recommendation has been completed.

Recommendation 10: Promote the use of online renewal and replacement of licenses.

Discussion: Although 40% of renewals are currently handled online, 45-50% of all traffic in Driver Service Centers is from citizens seeking renewals or replacements, many of which could be handled electronically. The department will aggressively promote online renewals and replacements from remote computers and seek to enhance internet access at Driver Service Centers. The department's goal is to have 60% of renewals and replacements handled online.

Recommendation 11: Establish stand-alone full service Automated Self-Service Electronic Terminals (ASSETs) at busy Driver Service Centers and secure off-site locations.

Discussion: The use of stand-alone terminals (kiosks) for driver license renewals and replacements is a best practice being used currently in three other states (Mississippi, Indiana, and Nevada). Having stand-alone terminals in off-site locations will reduce the number of renewal and replacement transactions in the Driver Service Centers and thus reduce wait times.

Recommendation 12: Expand the number of partnerships with County Clerks to provide driver license renewal and replacement services.

Discussion: Over the next one to two years, the department will seek to expand its partnership with County Clerks across the state to provide renewal and replacement services. The focus will be on fast-growing counties as well as remote counties with limited access to Driver Service Centers.

Recommendation 13: Study feasibility of mobile driver license units.

> *Discussion:* The department is researching the feasibility of developing mobile units to provide driver license services. These units would be able to service citizens who live in remote areas, with little or no access to Driver Service Centers and/or County Clerk partners. Grant funding will be pursued to fund this project, and the department is also looking into a possible partnership with other state agencies in this endeavor.

Recommendation 14: Develop bold, visible, and easy-to-understand signage at Driver Service Centers.

> *Discussion:* In order to reduce customer confusion and improve the flow of business processes, new signage is being developed that will be standard at all Driver Service Centers. Staff members in the centers are being instructed to remove any unnecessary and duplicative signage and to install the new signage once it has been ordered.

Recommendation 15: Develop a comprehensive marketing plan to inform the public on the requirements and purpose of REAL ID.

> *Discussion:* The federal REAL ID Act of 2005 sets new standards for the issuance of driver licenses and identification cards. Current Tennessee licenses and ID cards will continue to be valid as identification for federal purposes (boarding airplanes, entering federal buildings, etc) until December 1, 2014 for individuals born after December 1, 1964 and December 1, 2017 for everyone else. The department feels it is vital to conduct a comprehensive campaign to make citizens aware of this change to federal law and ensure that the public knows what the requirements under the new law will be. This campaign will inform the public and help ensure an orderly flow of business when the new requirements become effective.

Recommendation 16: Reorganize the Inspectional Services Bureau and THP's Criminal Investigations Division.

> *Discussion:* The Inspectional Services Bureau handles all internal investigations for the department. Staff in this division consists mostly of commissioned officers. The bureau has been moved out of the commissioned chain of command and now reports directly to the deputy commissioner. This move was designed to increase the credibility and objectivity of investigations and is in keeping with the Kroll Report. Furthermore, reorganization of the Criminal Investigations Division will allow for an expanded career path and improve the caliber of investigations.

This recommendation has been completed.

Recommendation 17: Establish higher criteria for hiring a state trooper.

> *Discussion:* In order to ensure that the department is able to choose from the highest quality applicants possible, the department is working with Department of Human Resources to improve the minimum qualifications for state troopers. Higher criteria will include at least two years of college credit, military service, or law enforcement experience.

Recommendation 18: Use of data-driven deployment of troopers in a way designed to have the maximum impact on public safety, with emphasis on specific areas such as DUIs and high accident locations.

> *Discussion:* Focused deployment in 2011 resulted in a 39% increase in DUI arrests by state troopers over 2010, and traffic fatalities in 2011 were the lowest since 1963. As a key to data-driven deployment of officers, the department has established the Tennessee Integrated Traffic Analysis Network (TITAN) business unit. TITAN serves as a depository for crash reporting across the state. Currently over 240 law enforcement agencies are voluntarily reporting data in TITAN. To be fully implemented, changes to legislation will need to be made requiring paperless, electronic crash reporting by all law enforcement agencies in the state. Data-driven enforcement is a major component of the

THP Activity - DUI Arrests by District
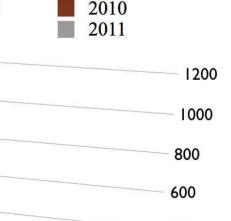### January 1, 2010 - December 31, 2011

- 2010
- 2011

Knoxville: 502, 761
Chattanooga: 383, 604
Nashville: 724, 1,020
Memphis: 201, 198
Fall Branch: 522, 764
Cookeville: 317, 455
Lawrenceburg: 347, 449
Jackson: 333, 420
Administrative: 47, 20

TITAN plan, and full implementation would allow THP and other law enforcement agencies to deploy personnel based on real-time data and use their resources to have the maximum impact on traffic safety and specific areas such as DUI enforcement.

Recommendation 19: Develop a new database for more effective drug interdiction activities.

Discussion: As recommended in the Governor's Public Safety Action Plan, a new database is being developed which will allow officers to (1) submit real-time information on traffic stops involving suspicious levels of prescription drugs and (2) query the database for prior suspicious stops involving the same suspects. The Fusion Center, a joint program between the OHS and TBI, will develop and maintain the database.

Recommendation 20: Develop the expertise to handle identity theft investigations for law enforcement agencies across the state.

Discussion: As part of its ongoing efforts to increase communication and cooperation among the three main functional areas, the department has created an Identity Theft Task Force. The goal of the task force is to be able to handle requests from local law enforcement agencies regarding identity theft based on set criteria.

Recommendation 21: Require specialized training on drug interdiction for all state road troopers and implement data-driven deployment in drug interdiction efforts.

Discussion: All state road troopers will be required to obtain 40 hours of specialized training in drug interdiction. This type of training raises the awareness of suspicious drug-related activity and will educate troopers on what to look for during routine traffic stops. In addition to this effort, troopers assigned to Interdiction Plus teams will also be regularly deployed to major drug corridor hot spots for saturated enforcement as recommended in the Governor's Public Safety Action Plan. These efforts will lead to more arrests involving trafficking of illegal drugs across the state.

Recommendation 22: Install and implement a new communications system.

Discussion: This communications system will ensure that state troopers are armed with the latest technology in order to perform their duties effectively and efficiently. It will also bring THP into compliance with new FCC regulations and will vastly improve troopers' ability to communicate while on the road.

Recommendation 23: Identify areas where job skills and capabilities could be more efficiently accomplished by departmental staff.

Discussion: THP has 5 helicopters used for various purposes. Relying on externally contracted mechanics is costly and time-consuming. By employing an on-site mechanic, the THP projects savings of approximate $100,000 per year on routine maintenance.

This recommendation has been completed.

Recommendation 24: Improve the state's ability to prevent acts of terrorism by increasing terrorism awareness and prevention training for both law enforcement and the public at large, and developing a more coordinated assessment plan for critical infrastructure in the state.

Discussion: OHS already provides training but will renew its efforts to train as many law enforcement officials and private citizens as possible on terrorism awareness and prevention. The goal is to ensure that at least 50% of law enforcement officials and a minimum of 5,000 citizens per year are trained.

OHS conducts a critical infrastructure analysis on an annual basis. The office is seeking a partnership with groups such as Oak Ridge Laboratories, TVA and others to develop a more coordinated assessment of critical infrastructure in the state.

Recommendation 25: Work with other agencies to develop expertise for cybercrime related to homeland security.

Discussion: Many experts predict that the area of cybercrime will become one of the most serious terrorist threats in the near future. OHS and THP will begin training to develop their expertise in investigation of these types of crime and develop partnerships with other law enforcement agencies to prevent and investigate such crimes. The agency seeks to put itself in a position to lend its expertise to other agencies across the state in this area.

Recommendation 26: Eliminate the Citizen Corps Advisory Committee.

Discussion: Duties performed by this committee could be absorbed by OHS and the Homeland Security Council. This committee has become unnecessary and has not met in the recent past. This recommendation aligns with the governor's review on boards and commissions.

Recommendation 27: Closely monitor purchases of supplies and furniture to ensure maximum savings for the department.

Discussion: The department has revised its policy and procedures for the purchasing of supplies and office furniture to maximize savings. The goal of the department is to realize a savings of $125,000 per year by utilizing the new monitoring procedures.

This recommendation has been completed.

Recommendation 28: Utilize video-conferencing for meetings and training with field staff to reduce the need for travel.

Discussion: The department is currently installing video-conferencing equipment across the state in THP district offices and Driver Service Centers. This equipment already exists within OHS. This equipment will allow staff to conduct regular meetings and training via video-conference, rather than having participants travel to Nashville, which should significantly reduce the cost associated with large numbers of employees traveling.

Recommendation 29: Switch from mailing hard copies of asset forfeiture correspondence to electronic return receipts.

Discussion: The department conducts a great deal of its business by mail. The various areas of correspondence were reviewed in order to determine recommendations for cost-savings. It was determined that using electronic return receipts for certified mail was more cost-efficient than mailing hard copies of correspondence related to asset forfeiture and could realize an annual savings of $30,000 for the department.

This recommendation has been completed.

Recommendation 30: Conduct a thorough review of telecommunications costs.

Discussion: All employees assigned a telecommunications device have been identified, and if job function does not necessitate such a device, these unnecessary lines will be eliminated. All existing lines will be moved to a more cost-efficient usage plan. The department is also purchasing new software which will help monitor usage of devices. This review will save the department an estimated $70,000 annually. The department will continue to conduct a review of telecommunication costs in order to determine how best to save money.

Recommendation 31: Develop a public-private partnership to support the mission of the department.

Discussion: Many law enforcement agencies across the nation have developed public-private partnerships with non-profit foundations in order to better meet the missions of their agencies. Such a partnership will create an opportunity to communicate to the public the mission and vital functions of the department and can provide an additional source of funding. The department will be able to apply to the foundation for funding to support specific needs ranging from support to families of law enforcement officers killed in the line of duty to funding projects that will improve public safety. Final funding decisions would be up to the private foundation board.

Recommendation 32: Realign districts of the department's three divisions to create opportunities for increased collaboration.

Discussion: The department has three major divisions with operations across the state: THP, Driver Services, and OHS. These divisions, for various reasons, have been set up with districts that do not align. In order to create more opportunity for partnership, the districts of each of the main divisions will be realigned to match. This will allow for, among other things, initiatives such as assigning OHS Regional Advisors to state trooper Strike Teams in each district.

Chapter 20

HIGHLIGHTS

■ Integration of the state's health-related agencies within the new Division of Health Care Finance and Administration helps the state operate in a more efficient and coordinated way by providing a less "siloed" approach to deliver multiple health care related products to various constituencies.

■ A demonstration targeted at improving care for those eligible for both Medicaid and Medicare will improve quality and coordination of care and ultimately make the cost of care less expensive.

■ Innovative provider payment options such as incentives for providers to purchase and use electronic health records to improve workflow and increase safety through evidence-based decision support, quality management, and outcomes reporting which supports high quality, cost-effective care.

■ Using technology to simplify and improve provider registration processes, conduct provider training or simply share information will reduce administrative burden for providers as well as the state.

INTRODUCTION

TennCare is the State of Tennessee's Medicaid program that provides health care insurance for more than 1.2 million Tennesseans. The TennCare program operates as a demonstration under a Section 1115 waiver from the Centers for Medicare and Medicaid Services (CMS). The principle being demonstrated by TennCare is that a state can organize its Medicaid program under a managed care model and generate sufficient savings to extend coverage to additional populations who would not otherwise be Medicaid eligible, while maintaining and even improving quality of care.

TennCare services, including medical, behavioral and long-term care are offered primarily through Managed Care Organizations (MCOs) located in each region of the state. TennCare members have their choice of MCOs serving the areas in which they live, except that children in state custody must be assigned to a special health plan

called TennCare Select. In addition to the MCOs, there is a Pharmacy Benefits Manager for coverage of prescription drugs and a Dental Benefits Manager for provision of dental services to children under age 21.

TennCare's overarching goal is to set the standard in health care management by delivering high quality, cost-effective care which results in improved health and quality of life for eligible Tennesseans. In addition, as a steward of the state's resources, we want to ensure that quality health care services are delivered within a predictable and sustainable budget that allows the state to also focus on other key priorities.

APPROACH/METHODOLOGY

There are three strategies that are key to managing TennCare program costs while also improving quality of care: integrated and coordinated programs, proper alignment of financial incentives, and enhanced customer experience.   Annual review of the program's overarching goal and strategies with an eye toward streamlined, efficient business processes has been a part of TennCare's management for several years. TennCare's Top to Bottom Review thus served as a valuable exercise to review goals and priorities, as well as re-evaluate and affirm current strategies for program improvement.

Top to Bottom Review activities included an examination of the program's history, operational improvements made over time, the process by which TennCare goes about ensuring continuous improvement and new activities in process that aim to improve quality, control cost and enhance customer service.

RECOMMENDATIONS

Recommendation 1: Integrate health care-related agencies within the Department of Finance and Administration into a Division of Health Care Finance and Administration.

Discussion: Agencies included in the new division are the Bureau of TennCare, the Cover Tennessee Programs, the Insurance Exchange Planning Initiative, eHealth and State Health Planning.

Over time, this integrated approach will help the state operate in a more efficient and coordinated way by providing a less "siloed" approach to deliver multiple health care related programs to various constituencies. Already, consolidation of multiple contracts and changes in financial arrangements are estimated to save an estimated $2 million per year.

In 2014, the customer experience will be enhanced by a new system that will allow Tennesseans to apply for multiple health care products with a single application, and that will offer a coordinated approach to eligibility determination for these products.

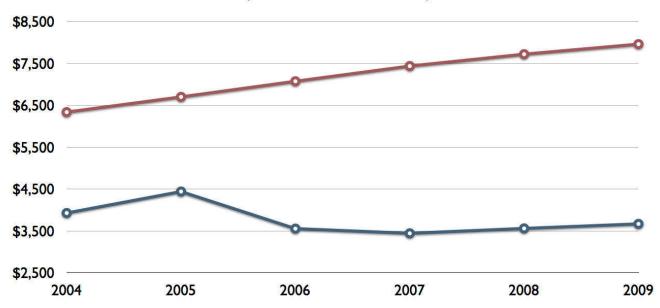**This recommendation has been completed.**

Recommendation 2: Integrate Medicare services for the estimated 138,000 members eligible for both Medicare and Medicaid into the existing managed care program.

Discussion: This is part of a federal demonstration aimed at improving coordination and quality of care for these members, while also reducing program costs. Currently, TennCare pays for Medicaid benefits, as well as Medicare premiums and cost-sharing for these members.

Implementation is contingent upon approval of the state's proposed demonstration design by CMS, and is anticipated to commence in 2013.

U.S. Expenditure on Health Care Per Capita
Vs. Comparable TennCare Per Member Cost

- TennCare (Cost of Comparable Services/Enrollment)
- U.S. (OECD Health Data 2011)

Recommendation 3: Explore and implement innovative provider payment options that align incentives and encourage the delivery of high-quality, cost-effective care.

Discussion: One such option already implemented is incentive payments for providers that purchase and use electronic health records to improve workflow and increase safety through evidence-based decision support, quality management, and outcomes reporting.

Other potential models include bundled rates, incentives for meeting certain quality measures, and shared risk and/or savings arrangements aimed at achieving specific programmatic goals.

Recommendation 4: Leverage web-based technologies to simplify and improve provider registration processes, conduct provider training and support ongoing communication processes.

Discussion: An online provider registration process will be implemented for individual providers in 2012, with provider groups to follow.

MCOs will also be able to use this information to credential providers, reducing administrative burden for providers, MCOs and the state.

Chapter **21**

TOURIST DEVELOPMENT

HIGHLIGHTS

- Reorganize the department to move community and industry relations positions and other staff, to areas of service in the marketing division that would support the most productive marketing activities and priorities.

- Use new research to provide information on the competitive strengths and weakness of Tennessee as a travel destination.

- Use the strengths of Tennessee to launch a new advertising campaign that successfully integrates a powerful branding element and compelling case for tourists to visit Tennessee.

- Update research to best evaluate media placement strategies and optimize media negotiations that offer in-state tourism businesses the opportunity to place cost-effective cooperative media buys on-line, off-line, and in social media.

- Strengthen visitation between major destination and rural areas of the state by giving a higher priority to the implementation of the sixteen Discover Tennessee Trails and Byways program, and the continued development of the Civil War Trail.

INTRODUCTION

The Department of Tourist Development is responsible for developing and implementing the marketing services necessary to support travel and tourism in Tennessee. In order to implement the mandated services and meet program objectives, the marketing division is divided into activities that include advertising and promotions, public relations and communications, sales, and tourism community support. The department is also responsible for managing the operations of the state's fourteen welcome centers located on all major interstates coming into Tennessee.

The operating programs in the department include human resources, financial management, information technology, and support services. The department has a main office in Nashville, regional offices in Jackson and Knoxville, and fourteen welcome center locations across the state.

The mission of the Department of Tourist Development is to create and promote the desire to travel to and within Tennessee, to develop programs to encourage and support the growth of the state's tourism industry, to manage a system of welcome centers that provides visitors with a positive impression of Tennessee, and to encourage them to extend their stay, all of which contributes to the state's economic growth thereby enriching the quality of life for every Tennessean.

APPROACH/METHODOLOGY

The Top to Bottom Review and recommended actions included ideas and suggestions from internal and external sources. The Executive Steering Committee comprised of internal management reviewed the recommendations in relation to the department's mission, goals and objectives, organization structure, staffing, and financial resources.

Internal surveys were sent to department employees in the central office and to welcome center employees from fourteen locations across the state. In addition, individual one-on-one discussions were conducted to obtain more in-depth information and recommendations for program efficiencies and priorities. These surveys focused on gathering information about:

- What we do well;
- What we could do better;
- What we should discontinue doing; and
- Is there a more efficient and effective way to do it?

External information was gathered from electronic surveys sent to the tourism industry, marketing staff "listening tours" to communities in all nine tourism regions of the state, collective strategic collaboration with our contractors, conversations with tourism industry professionals across the state, "Best Practice" discussions with tourism offices in other states, and initial input from the Tennessee Tourism Committee comprised of tourism industry and business professionals from across Tennessee.

RECOMMENDATIONS

Recommendation 1: Reorganize the department to increase the ability of the Marketing Division to meet the changing needs of marketing strategies.

Discussion: The positions that provided community and industry relations services were reclassified or redirected to support sales activities and provide direct assistance in the implementation of marketing program priorities. The research function in support services was moved to marketing to improve communications. Additionally, the public information officer and legislative liaison duties were combined into one position. These changes have created a more streamlined and efficient organization.

This recommendation has been completed.

Recommendation 2: Streamline the implementation of the sixteen Discover Tennessee Trails and Byways program as well as the on-going development of the Civil War Trail.

Discussion: The trails are designed to encourage travelers to extend their travel plans to rural areas of the state and increase traveler expenditures in those areas. The first trail was launched in November, 2009, and five had been completed by January, 2011.

As a result of the governor's priority to increase economic development programs for rural areas of the state, the department gave the completion of the trails program a higher priority. The department's reorganization enabled the department to assign more staff and time to the project in March of 2011. Consequently, the department has now launched twelve of the sixteen different trails leaving only four left to be launched in 2012. The additional staff assigned will sustain this program in the future.

In addition, there is increased interest in Tennessee's Civil War Trail as a result of the Civil War Sesquicentennial. This renewed interest in history has sparked increased interest in travel to rural areas

of the state where these sites are located. Like the Discover Trails and Byways program, the Civil War Trail program is supported by our website, printed materials, and public relations services.

Recommendation 3: Utilize consumer research to provide information on the competitive strengths and weaknesses of the marketing and advertising campaign and strategies.

> *Discussion:* Consumer research information should provide important data relative to who our primary customers are and where they are from. Utilizing this data, the department's campaign will be developed to attract those visitors that will bring the greatest return on investment. To determine changes in customer demographics and Tennessee's competition, it will be necessary to conduct consumer research on a continuing basis.

This recommendation has been completed.

Recommendation 4: Develop and launch a new advertising campaign constructed around the updated research that is designed to provide a new responsive appeal to the traveler.

> *Discussion:* Use strengths of Tennessee as identified in updated consumer research to launch a new advertising campaign that integrates a powerful branding element and a compelling case for tourists to visit Tennessee. This new creative campaign is

expected to generate greater interest in Tennessee as a travel destination. The logo has been changed from "Tennessee the Stage is Set for You" to "Tennessee, We're Playing Your Song".

This recommendation has been completed.

Recommendation 5: Update research to determine the effectiveness of media placement strategies and optimize media negotiations that realize the opportunity to place cost-effective cooperative media buys to in-state tourism businesses.

> *Discussion:* Research is conducted to determine the effectiveness of the media placed in the prior year. The most effective media is continued, media not producing the desired results is eliminated, and new media placement opportunities are evaluated.

Using the department's buying power, the media buyers can negotiate reduced media placement rates for local tourism businesses that would like to take advantage of the reduced rates. These reduced advertising rates are negotiated individually with each advertiser so the savings will vary for each media outlet and each business based on the media it chooses. The advertising cooperative opportunities will be available in all types of media including off-line, on-line, and social media. The buying opportunities will be reevaluated each year.

This recommendation has been completed.

Chapter 22

TRANSPORTATION

HIGHLIGHTS

- Rebuild the core competency of TDOT professional and technical staff. By reducing dependency on consultants and increasing the number, skills and capabilities of TDOT's professional staff, an estimated total of $14,500,000: in the areas of project design/development ($3,000,000); environmental inspection ($3,200,000); and construction engineering & inspection ($8,300,000), could be made available for reallocation over a period of years to additional road and bridge projects.

- Consolidate TDOT's regional construction and maintenance divisions. The increased efficiency and effectiveness resulting from this initiative could facilitate the reallocation of approximately $6,200,000 over a 3-5 year period to new infrastructure projects.

- Create a more robust, dedicated Project Management Division program that incorporates a quality control role within the PPRM process relative to plan inputs from Environmental, Design, Structures, Right-of-Way/Utilities, and Geotechnical.

INTRODUCTION

The Tennessee Department of Transportation (TDOT) is charged with planning, implementing, maintaining and managing an integrated transportation system that facilitates the movement of people and products and in so doing provides opportunity for economic prosperity and a high quality of life for Tennessee's citizens.   The state owned transportation infrastructure for which the department is responsible includes highways (13,871 miles), public transit (28 transit systems), aviation (74 general aviation and 6 commercial airports), rail (19 short line and 6 Class I railroads) and waterway (946 main channel miles) transportation. Additionally, there are nine regional bicycle routes totaling approximately 1,500 miles of which one bicycle trail extends 500 miles cross-state; 8,500 roadway miles with four-foot shoulders to accommodate bicycles; 270 miles of greenways and trails; and 5,000 miles of sidewalks on all roadways in the state including local roads.

TDOT is organized into four major areas: Headquarters, Bureau of Administration, Bureau of Engineering, and Bureau of Environment and Planning. TDOT has four regional offices located in Knoxville, Chattanooga, Jackson, and Nashville; the department's headquarters are located in Nashville. Each TDOT region is comprised of five to six district offices with a total of 22 district offices located throughout the state. A TDOT county maintenance crew is located in each of the 95 counties.

The operational budget of the department is not dependent on the state's general fund. State user fees and federal funds account for approximately 88% of TDOT revenues. The remaining 12% is generated from various local revenues, fees and bond authorizations.

APPROACH/METHODOLOGY

A Top to Bottom Review team with public and private sector experience was assembled from within the department. The members chosen brought planning, program development, human resources, legal, management, business and finance expertise to the team.

A multiple choice questionnaire was sent to all 3,800 TDOT employees with approximately 1500 responses. An open ended response questionnaire was sent to 225 key upper level managers and decision makers and an additional 100 planning and operational personnel.

Face-to-face interviews were conducted with more than 400 individuals from within TDOT's headquarters divisions, its four regions and with outside stakeholders including MPO representatives, consultants, contractors and FHWA representatives.

Interviews were conducted with key personnel in other states that recently conducted a comparable reorganization initiative. Studies relating to other state's DOT organizational structure and governmental best practices were also evaluated. The team met with State Smart Transportation Initiative (SSTI) representatives to review TDOT's Top to Bottom Review and discuss it within the principles of "smart transportation" practices.

RECOMMENDATIONS

Recommendation 1: Consolidate TDOT's regional construction and maintenance divisions.

Discussion: In order to improve employee skills and abilities through training and to create a unified workforce that understands and is capable of executing maintenance and construction activities, the committee recommends the establishment of a single technical series that combines Maintenance Division and Construction Division staff.

In addition to increasing overall work efficiency in both areas, it is estimated that the department could, in time, realize a 15% reduction in positions necessary for these functions and a decrease in costs by $6,200,000.

Recommendation 2: Establish a greater and more prominent role for the Information Technology (IT) Division.

Discussion: In many areas, TDOT does not have adequate information management tools in place to make well-informed programmatic analyses. The department needs data that has a defined business value, is readily available and conducive to business analysis. The data must be accurate, available at the lowest cost and fastest speed possible and capable of being integrated.

TDOT's IT Division should have its responsibilities broadened to include tracking and evaluating results for all types of processes, programs, and projects, looking at trends at multiple levels as a way to identify improved practices to adopt more widely across the organization and to identify problem areas that may need to be addressed.

These factors should be monitored routinely:

- Plans and product quality
- Planned versus actual cost
- Planned versus actual schedule
- Scope management
- Return on investment
- Achievement of goals
- Performance against performance measures

The IT Division should collect and aggregate cost and performance information and make it available across the department for all who must make well informed decisions.

Users from across TDOT, not just managers, want and need quality, timely information on demand. They also want the flexibility and ease of use in engaging tools that they are familiar with (the nearly ubiquitous use of Microsoft Office). And, they want their information delivered consistently.

A first step toward achieving this environment will be researching and analyzing the concepts of business intelligence and data warehousing. Their benefits, well established in the private sector, can then be evaluated in relation to the benefits their incorporation will bring within TDOT's operational framework.

Recommendation 3: Establish a strong project management program.

Discussion: Project plan development processes and procedures were not producing the desired quality of plans nor were they efficiently utilizing funds. There is a need to implement a "cradle to grave" oversight of the plan development process.

Interviews conducted both inside and outside TDOT brought attention to the quality of construction plans, the primary product of the project development process. There was a general consensus among both TDOT's construction personnel and the contractors who construct TDOT's projects that the quality of plans is often lacking in terms of accuracy and completeness.

When problems are identified prior to opening bids, it is occasionally necessary to withdraw the project from the bid letting. This results in at least an additional six week delay before re-letting. If the problem is identified after the contract has been awarded, additional costs to the project are often incurred from change orders necessary to add work or correct other errors.

The department will create a more robust, dedicated project management program that incorporates a quality control role within the PPRM process relative to plan inputs from Environmental, Design, Structures, Right-of-Way/Utilities, and Geotechnical.

Recommendation 4: Reassess the functional scope of long-range planning and project planning.

Discussion: There seems to be no definitive measure of, or at least there is much confusion about, when planning ceases to be a "process" and when it actually becomes a central component of the "product" (i.e., the transportation project). This creates a situation where duplication of effort and expense on the part of long-range planning and project planning is likely.

The "needs assessment" process conducted in long-range planning should be reviewed and its scope and function modified to be a mechanism for early screening of projects. An early analysis of suggested projects will reduce the number upon which unnecessary studies are conducted. This will reduce the amount of funds currently being consumed by project studies that hold out little promise of becoming funded as projects. This should realize a decrease in the number of more expensive TPRs (Transportation Planning Reports) by replacing them with less expensive but just as relevant studies.

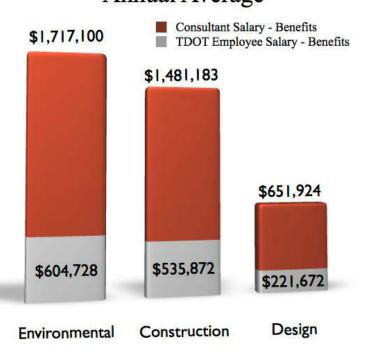**Recommendation 5:** Improve TDOT's plan development process and plan quality.

Discussion: A number of design positions from headquarters will be moved to regional design offices to upgrade the quality of those offices as needed and to provide sufficient qualified staff to assume responsibility for a greater proportion of the department's roadway design work. This should result in the reduction of plans produced by more expensive consultants and a potential reallocation of $3,000,000 to additional infrastructure projects over a 3-5 year period.

Recommendation 6: Restructure the process of Erosion Prevention/Sediment Control (EPSC) environmental compliance inspections and quality assurance/quality control oversight.

Discussion: Internal and external interviews with staff, consultants, and contractors indicated a concern that duplicative efforts with respect to quality assurance/quality control and EPSC inspections are causing increased costs and delays in construction and a delay in the decision-making process.

TDOT will move to restructure the process of EPSC environmental compliance inspections and quality assurance/quality control oversight in a manner that reduces the redundancy of inspections and streamlines the process by ensuring TDOT staff is adequately trained and familiar with applicable environmental regulations. Doing so should also realize more clarity in decision-making authority and accountability for storm water permit

TDOT Employee & Consultant Cost Comparison Annual Average

Consultant Salary - Benefits
TDOT Employee Salary - Benefits

Environmental: $1,717,100 / $604,728
Construction: $1,481,183 / $535,872
Design: $651,924 / $221,672

compliance on construction projects, as well as more timely decisions, while retaining independent program oversight and training through the quality assurance/quality control program.

Additionally, this should result in less reliance on outside inspection services and reduce the time delays currently ingrained in the system. A reduction in the annual use of environmental consultants will realize an approximate net cost savings of $3,200,000 that can be reallocated toward additional infrastructure improvements.

Recommendation 7: Rebuild the TDOT construction staff to a level that facilitates increased in-house departmental construction engineering and inspection.
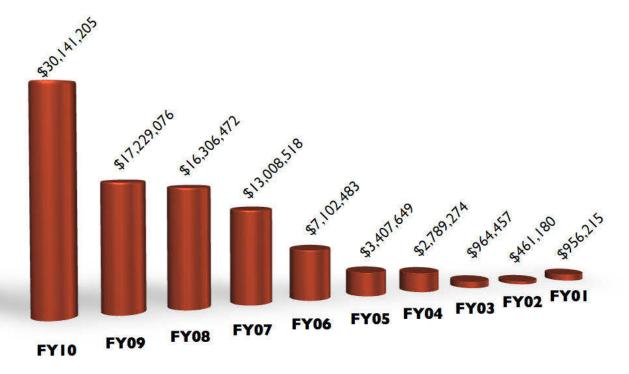
Discussion: As a result of having an inadequate number of TDOT construction staff with which to perform construction engineering and inspection of all TDOT let highway projects, it has been and is increasingly necessary to utilize consultants to supplement TDOT staff performing inspections. This practice results in project costs higher than necessary because the nature of many projects to which CEI's are assigned do not reach the level of

difficulty or expertise that justifies the much higher costs of an outside consultant. This also requires TDOT personnel to train CEI inspectors on TDOT's processes.

Vacant construction positions should be reviewed and a determination made of the number that should be filled and where the positions should be located with the general goal to increase field construction staff to a level that is adequate to handle construction contract administration and inspection on the typical annual highway and bridge construction program. At the same time, the intent should be to use CEI consultants primarily on construction projects that are large, complex and/or require specialized skills, or to supplement staff in periods of peak demands.

It is expected that a reduction from the last two years average annual usage of CEI consultants would begin to rebuild the core competency of TDOT's construction offices while also facilitating the reallocation of approximately $8,300,000 to the building and maintenance of highways and bridges over a 3-5 year period

Department of Transportation
Rise In Consultant Expenditures 2001 - 2010

Recommendation 8: Create an action plan to address departmental sub-recipient monitoring weaknesses.

Discussion: Both the April 2011 Performance Audit Report and the Single Audit Report for the Year Ended June 30, 2010 identified weaknesses in departmental sub-recipient monitoring. State sub-recipient monitoring guidelines are outlined in Department of F&A's Policy 22 and the Tennessee Sub-recipient Contract Monitoring Manual.

Priority for grant oversight is inconsistent throughout the department. Audit findings seem to generate concern, but there are no overall long-term actions to ensure that future findings do not reoccur.

TDOT shall review skill sets and job requirements for individuals performing grant functions, research and find available training for grants management including what is provided by federal oversight agencies, evaluate the current grant administration workflows of each grants management division and create and implement protocol standardization to the greatest extent possible. These standardized rules of administration shall be applied to the grant monitoring and oversight functions and responsibilities and the utilization of grants management tools.

Recommendation 9: Develop and implement standardized rules and regulations that govern administrative requirements as well as the responsibilities and expectations of each Multimodal Transportation Resources Division program.

Discussion: The primary activity of the Multimodal Division appears to be federal grant management and administering state matching funds. The division, however, provides little leadership in developing transit policy, statewide coordination of resources, transit planning or commuter ridesharing.

The purpose and mission of the Multimodal Transportation Resources Division (MTRD) will be revisited, clearly defined, and clearly communicated to the staff. Standardized rules and regulations that govern the administrative requirements, responsibilities and expectations of each program

should be developed and communicated to both MTRD and stakeholder staff. An appropriate training program about the aforementioned rules and regulations will be initiated for both MTRD and stakeholder staff.
This shall result in enhanced integration with the planning component for the department and improved grant management and monitoring

Recommendation 10: Implement the TDOT garage Inventory Standardization and Consolidation program.

Discussion: Over many years of operation that utilized an inventory based system, a situation evolved where a single inventory item number served as identifying item/stock numbers for multiple vendors and often with greatly differing price points. This was completely incompatible with Edison, which was implemented in July, 2009, as it would accept only one vendor, one item description and one price per individual, unique item number.

In the attempt to correct this issue it was discovered that common practice was to purchase different items having identical functions and application but with widely varying costs under a single item number and from multiple vendors. By standardizing and consolidating inventory items throughout TDOT's regional and district garages there will be an increased accountability of garage inventory reducing loss, a reduction of expenditures on duplicated items and unnecessary higher priced items and a reduction of surplus items each year.

Recommendation 11: Evaluate TDOT's 95 county maintenance facilities and review staff allocations.

Discussion: Currently TDOT maintains a county maintenance office in each of the 95 counties. A highway maintenance staff of ten is typically required to perform maintenance activities including establishing work zones, mobilizing equipment, and providing traffic control.   Currently, there are fifteen county highway maintenance offices that have a staff of less than ten.

There is no apparent correlation between the distribution of maintenance staff and lane miles to

be serviced and other key factors. Current county facility locations will be evaluated and staff allocation reviewed. It is recommended a staffing standard be established for highway maintenance facilities based on key criteria, such as lane miles per authorized position.

Recommendation 12: Create a Top to Bottom implementation team to develop tracking tools and protocol and oversee the progress of implementation.

Discussion: The easy part of managing change is figuring out the direction toward which the department is to go. The hard part is getting from here to there—from the current state to the future state—and persuading sufficient numbers of the right people to overcome their fears, skepticism, and resistance and join you on that journey.

TDOT leadership shall create an implementation team of change champions to be integrated into a senior implementation leadership team and empowered with authority to plan and lead change.

Recommendation 13: Incorporate LEAN into TDOT as a perpetual business management program.

Discussion: Create a permanent "Business Management Office" that is charged with not only implementing change resulting from accepted Top to Bottom Review findings but also with initiating and implementing a continual program of process improvement throughout the department.

The utilization of LEAN by this office would be a primary, though not exclusive, tool in effecting this initiative. This office would be charged not only with applying LEAN itself, but also with educating the TDOT organization on the utilization of LEAN and constructing and installing a LEAN program that is integrated within TDOT as a standard administrative/operational tool for improvement.

Chapter **23**

VETERANS AFFAIRS

HIGHLIGHTS

- Increase the number of fully developed claims from 50% to 80% over a 5 year period. This procedure would improve efficiency and at the same time allow for a more complete claim, resulting in an increase in compensation with reduced wait time for veterans.

- Co-locating facilities/field offices with other state agencies provides one-stop-shopping for our veterans and increases customer service.

- Implement a control system for priority inquires, assigning very specific responsibilities and clarified procedures. This provides a tracking mechanism for legislative/priority inquiries.

- Changing leadership responsibilities from functional area to geographical area promotes customer service and communication with local leadership.

INTRODUCTION

The Tennessee Department of Veterans Affairs (TDVA) serves the state's more than 500,000 veterans and an estimated 1.5 million family members and survivors through a statewide power-of-attorney based claims processing system. The Field and Claims staff are trained and accredited to work with the United States Department of Veterans Affairs (USDVA) to maximize earned entitlements and benefits for veterans, their families and survivors.

The system is complex and constantly changing due to court decisions and legislative changes. The expertise of the claims staff makes the system more accessible for Tennessee's veterans. The TDVA conducts mandated training and certification programs for county-employed service officers who contribute to veterans receiving maximum earned entitlements. The department operates 12 field offices as well as four state veteran cemeteries,

(two in East, one in Middle and one in West Tennessee) to assist families and survivors throughout the State of Tennessee.

The Administrative Division is responsible for initiating and coordinating public relations, legislative activities, service officers training, statistical reporting, strategic planning, outreaches, and management of fiscal and administrative requirements.

The department's mission is to serve Tennessee's veterans and their families with dignity and compassion; to be the veterans' advocate by ensuring they receive quality care, support, entitlements and the recognition earned in service to the nation; and to enhance citizens' awareness of the sacrifices that veterans have made for us.

APPROACH/METHODOLOGY

A Top to Bottom Review team comprised of the department's executive staff and other key personnel was assembled to review the current processes and procedures for the department and make recommendations on how we could more efficiently and effectively operate. The only response the team members could not use was: "Because we've always done it that way."

The major areas of consideration were:
- Customer Service
- Field Operations
- Cemeteries
- Leadership Responsibilities
- Real Property

RECOMMENDATIONS

Recommendation 1: Increase the number of fully developed claims upon initial submission from 50% to 80%.

Discussion: Due to the complexity of actually adjudicating and rating claims the USVA Regional Office can process a veteran's claim much more quickly if all required documentation is provided upon initial submission. Increasing the percentage of fully developed claims reduces wait times for veterans, backlogs for USVA and the number of inquiries submitted to TDVA.

Department leadership and our training officer have included this goal/performance standard into quarterly training meetings. We are currently utilizing statistical sampling to determine progress. Time required to reach the goal is 5 years. (Note: Attaining 100% is not possible due to circumstances that are outside TDVA control and will continue to exist)

Recommendation 2: In all Tennessee counties, complete one-on-one briefings with county leadership, conduct "Veterans' Outreaches", and promote community awareness of the sacrifices that veterans have made for us.

Discussion: As part of our department's strategic plan, it is imperative that we conduct one-on-one briefings with county mayors and county executives to ensure they are fully aware of the importance of hiring, resourcing and training a full-time County Service Office to assist veterans.

An essential part of keeping Tennessee veterans informed is through an aggressive outreach program, as well as making every citizen aware of the sacrifices veterans have made for all of us. This 5-year-plan will improve service to veterans while reducing the demand on our Veteran Benefits Representatives (VBRs) and at the same time increase state revenue. Through the use of public service announcements, social media, marketing material, media releases and public speaking engagements TDVA continues to educate our

communities on the sacrifices that veterans have made for our country.

Recommendation 3: Change leadership responsibilities from functional area to geographical area.

Discussion: After careful evaluation of the Department of Veterans Affairs' structure, it became apparent that supervision of the TDVA personnel and management of our facilities would become much more effective by reorganizing our Executive Leadership Team to provide coverage in each grand division. This could be accomplished by adding a deputy commissioner and properly positioning two assistant commissioners, one in East and another in West Tennessee.

This initiative will enable the department to better serve our veterans while promoting customer service and improving communications with local leadership, law makers and Veterans Service Organizations.

This recommendation has been completed.

Recommendation 4: Co-locate facilities/field offices with other state agencies.

Discussion: A review of how the department might enhance its access to veterans, increase customer service and reduce leased space was conducted.

During this review, communications with other state agencies uncovered opportunities to co-locate our personnel which reduced our footprint, saved state dollars and improved our service to veterans by promoting a "one-stop" shop concept.

Recommendation 5: Move headquarters from current location to the Tennessee Tower.

Discussion: With our current lease agreement nearing an end, we were able to negotiate space on the 13th floor of the William R. Snodgrass Building, Tennessee Tower. By relocating from a leased facility to a state owned building it enabled TDVA to increase efficiency with other departments, save state dollars and improve inter-agency communication and coordination.

This recommendation has been completed

Recommendation 6: Implement a control system for priority inquires.

Discussion: Due to the high volume of priority inquires and a need to track this type of correspondence, TDVA developed a new control system. This new process increases service to veterans while decreasing delays and errors. It also provides a tracking mechanism for legislative/ priority inquiries.

This recommendation has been completed